



ADMINISTRATION ACTIVITY REPORT

UNITS: ADMINISTRATION, INFORMATION AND
PLANNING, INFORMATION TECHNOLOGY

November 16-17, 2023

Item IX.B.

CBA by the Numbers



Upcoming Projects

State Leadership Accountability Act

Government Code sections 13400 through 13407, known as the State Leadership Accountability Act (SLAA), was enacted to reduce the waste of resources and strengthen internal control. SLAA requires each state agency, including the California Board of Accountancy (CBA), to maintain effective systems of internal control, to evaluate and monitor the effectiveness of these controls on an ongoing basis, and to biennially report on the adequacy of the agency's systems of internal control.

The CBA is preparing its biennial SLAA report, which must be approved by the Department of Consumer Affairs and the Business, Consumer Services and Housing Agency by the end of 2023 and then posted on the CBA website.

Strategic Plan Update

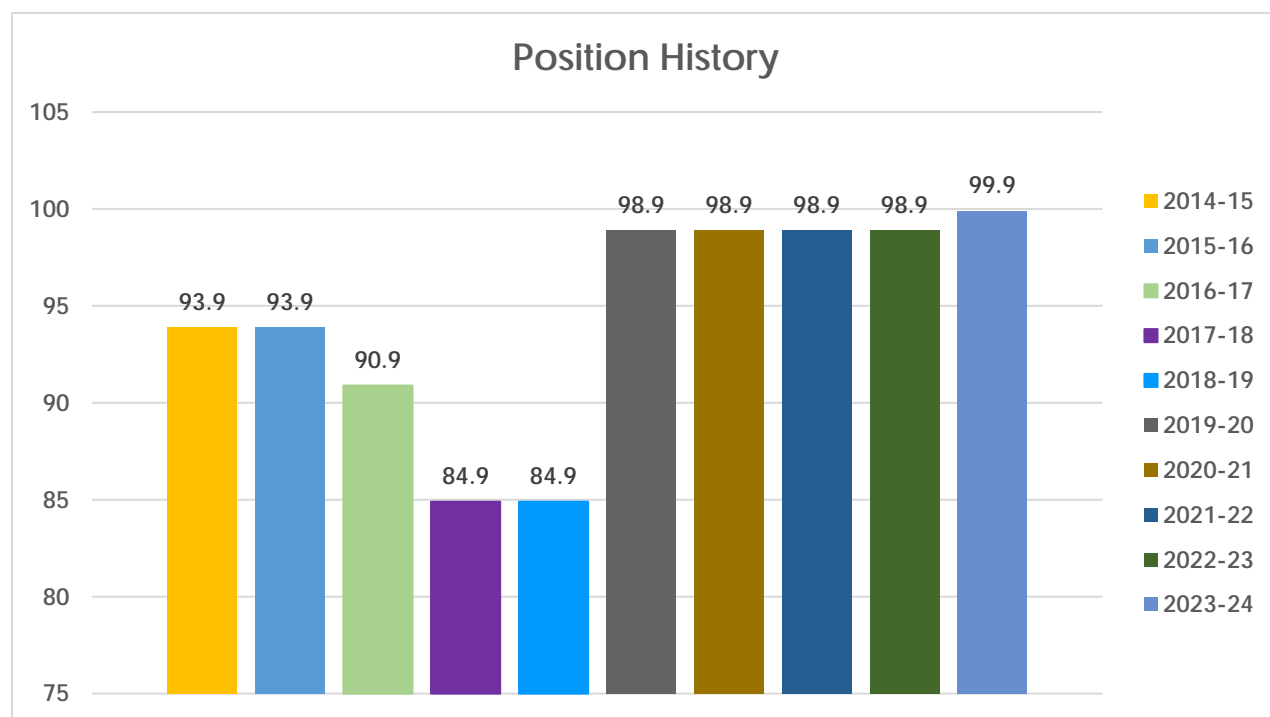
The CBA's current Strategic Plan encompasses the timeframe of 2022-2024. An update on the status of the objectives will be provided under **CBA Item IX.A**. Staff will be working with CBA Leadership in early 2024 to begin work on updating the strategic plan. The update will include reviewing the current goals and objectives to determine what, if any, changes are needed.

Staffing Update

Vacancy Information

The CBA currently has 12 vacant positions. Five of these positions are classified as hard to fill (Supervising Investigative CPA and Investigative CPA).

Total Number of Positions	99.9
Vacancies <ul style="list-style-type: none">Administration – 2Enforcement – 6Licensing – 4	12.0
Vacancy Rate	12%



Information Technology

Business Modernization

The CBA just launched the ability for licensees to use CBA Connect for a retired status renewal. The next project will enable accountancy firms (partnerships and corporations) to use the CBA Connect platform.

Update on Regulations

Subject of Regulations	Status
Sale, Transfer, or Discontinuance of Practice	
Establish regulations regarding the sale, transfer, or discontinuance of a licensee's practice.	This rulemaking package was resubmitted to the Office of Administrative Law and a decision is expected by end of 2023.
CPA Evolution/Early Entry	
Establish and amend regulations to implement CPA Evolution and Early Entry to the CPA Exam.	This rulemaking package was submitted to the Office of Administrative Law and a decision is expected by end of 2023.
Firm Responsibilities and Client Notification Regarding Attest Services	
Amend regulations regarding accounting firms providing attest services with ownership comprised solely of CPAs who have not completed the attest experience requirement.	Staff are working with DCA to finalize the rulemaking documents.
Disciplinary Guidelines	
Amend the CBA's Disciplinary Guidelines and Model Orders.	Staff are working with DCA to finalize the rulemaking documents.
Reinstatement of Surrendered Licenses via Written Record	
Add Section 99.3, Reinstatement of Surrendered Licenses via Written Record.	Staff are working with DCA to finalize the rulemaking documents.



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CBA Item IX.C.
November 16-17, 2023

Presentation of the California Board of Accountancy Annual Report for Fiscal Year 2022-23

Presented by: David Hemphill, Information and Planning Officer

Purpose of the Item

The purpose of this agenda item is to present the *California Board of Accountancy Annual Report for Fiscal Year 2022-23*.

Consumer Protection Objectives

The purpose of this report is to communicate information regarding the activities of the California Board of Accountancy (CBA), ensuring that it maintains actions that support its primary mission of consumer protection.

Action(s) Needed

No specific action is required on this agenda item.

Background

This report is presented annually and is published to the CBA website in the interest of transparency.

Comments

This report highlights CBA activities, accomplishments, and statistics from July 1, 2022, through June 30, 2023.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachment

California Board of Accountancy Annual Report for Fiscal Year 2022-23



CALIFORNIA BOARD OF ACCOUNTANCY

Consumer Protection Through Licensure, Enforcement, and Regulation



ANNUAL REPORT

FISCAL YEAR 2022–2023

DRAFT

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Dominic Franzella
Executive Officer

MESSAGE FROM THE EXECUTIVE OFFICER

It is my pleasure to present our *Fiscal Year 2022–23 Annual Report*. This report highlights the many CBA achievements that have occurred in the past fiscal year that have advanced our consumer protection mission and provide excellent service to our applicants and licensees.

I consider it a privilege to serve as the CBA's Executive Officer (EO). I was appointed as the Acting EO in January 2023 and appointed to the position permanently in August 2023. As an introduction, I'd like to give a little background about myself. I've been the CBA's Chief of Enforcement for the last eight years, but have been with the CBA for more than 18 years. Ensuring consumer protection by enforcing rules and regulations that maintain the high standards of the CPA designation was very important to me in my position as Chief of Enforcement, and I carry that over to my role as EO where I continue to put the protection of consumers first.

Thank you to our former Executive Officer Patti Bowers, who retired at the end of 2022 after leading the CBA for 14 years. We appreciate Ms. Bowers for the many years she spent serving the state of California and her leadership of the CBA.

BUSINESS MODERNIZATION

This year, enhancements were made to CBA Connect, the new online license renewal platform that debuted in fiscal year 2021–22, including the process of importing continuing education (CE). Instead of manually entering each course individually, staff created a CE data template that licensees can use to upload CE all at once at renewal time. The new template has been well received, improving the overall CBA Connect experience. This and other improvements have been made based off feedback received through the CBA Connect survey that licensees are prompted to take after completing their renewal process.

LICENSING

The Initial Licensing Unit processed CPA Exam and CPA initial license applications at or below our stated goal of 30 days throughout fiscal year 2022–23.

At its March 2023 meeting, the CBA approved the Students Understanding the Requirements to be a CPA (SURE CPA) Project. This significant, multi-year project has begun with outreach to gather information the CBA can eventually use to craft and implement solutions to attain the project's goal of clarifying the educational requirements for CPA licensure.

OUTREACH AND SOCIAL MEDIA

The CBA had a busy schedule of outreach events this year. To reach a larger audience, the CBA held virtual events in addition to hosting its first in-person university outreach event since the pandemic. The CBA added visual elements to many of its social media posts this year, and accumulated over 1,600 new followers, bringing our social media combined audience to over 12,000.

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ENFORCEMENT

The Enforcement Division received 4,584 complaints and closed 5,043 cases in fiscal year 2022–23. The CBA investigated 1,917 more cases this year compared to last fiscal year.

Another element I would like to highlight is the new look we gave to many CBA reports this year. Four reports created by different divisions within the CBA that are presented at each board meeting now have a fresh and uniform appearance, but with a unique color scheme for each one. The EO Report I send monthly to all CBA members was similarly refreshed.

This is only a brief overview of the CBA's achievements in fiscal year 2022–23, and you will read more about these and other accomplishments in this report. I look forward to even more innovations in the year to come, which will benefit consumers and stakeholders as we continually strive to meet our consumer protection mission.

Dominic Franzella
Executive Officer



MISSION STATEMENT

To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.



VISION STATEMENT

All consumers are well informed and receive quality accounting services from licensees they can trust.



ORGANIZATION

For more than 120 years, the California Legislature has entrusted the CBA with protecting the public related to the practice of public accountancy in California. The CBA's mission to protect consumers is at the core of the work that is undertaken.

The breadth of the CBA's influence in the regulatory environment stretches beyond California's borders.

The CBA regulates more than 115,000 licensees, including individuals (certified public accountants [CPAs] and public accountants [PAs]) and accounting firms (partnerships, corporations, and out-of-state registered accounting firms). CPAs work in a variety of areas, including accounting firms, private industry, government, and academia. CPAs provide services to clients of all sizes and needs. Many of the accounting firms that the CBA regulates have national and international footprints, reaching clients worldwide.

The CBA recognizes the scope of its regulatory influence. The protection of the public shapes the policies, regulations, and enforcement decisions reached by the CBA. Collectively, the three divisions of the CBA—Enforcement, Licensing, and Administration—work to ensure that consumers are protected, and stakeholders receive high-quality customer service.

CALIFORNIA BOARD OF ACCOUNTANCY COMPOSITION

The CBA is composed of 15 members, eight of whom are public members not licensed by the CBA, and seven of whom are licensees of the CBA. The Governor appoints four of the public members and all licensee members. The Senate Rules Committee and the Speaker of the Assembly each appoint two public members.

Current California Board of Accountancy Members



Katrina L. Salazar, CPA
CBA President
Governor Appointee



Yen C. Tu
Vice President
Senate Rules Committee
Appointee



Joseph R. Rosenbaum, CPA
Secretary/Treasurer
Governor Appointee



Michael M. Savoy, CPA
Governor Appointee



Kristian Latta, CPA
Governor Appointee



Karriann Farrell Hinds, Esq.
Governor Appointee



Dan Jacobson, Esq.
Speaker of the Assembly
Appointee



Ariel Pe
Speaker of the Assembly
Appointee



Nancy J. Corrigan, CPA
Governor Appointee



Tony Lin
Governor Appointee



Evangeline Ward
Governor Appointee

Vacant: Governor Appointee, CPA

Vacant: Governor Appointee, CPA

Vacant: Governor Appointee

Vacant: Senate Rules Committee Appointee

BUDGET

OVERVIEW

The CBA's statutory mandate and highest priority is to protect the public. To achieve its mission, the CBA operates in a fiscally responsible manner to ensure funds are spent exclusively to support this mandate.

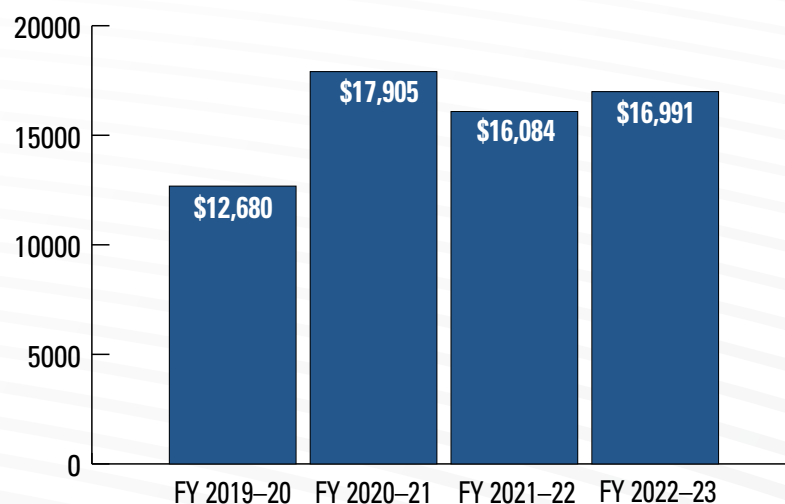
STRATEGIC PLAN HIGHLIGHTS

One of the objectives of the CBA's 2022–24 Strategic Plan under Laws and Regulations was to maintain an appropriate fee structure to support CBA operations. To obtain this objective, the CBA concluded a fee analysis of the Accountancy Fund and fee level structure in fiscal year 2022–23. Based on the outcome of the fee analysis, the CBA approved statutory changes to increase the license renewal and initial license fees. A two-step, staggered approach was approved by the CBA, with the first increase proposed for implementation July 1, 2024, and the second proposed for implementation on July 1, 2026.

The need for fee increases is threefold: (1) to align fees more closely with the cost of performing the related service; (2) to eliminate the negative annual cash flow, where authorized expenditures outpace revenues; and (3) to increase the CBA Reserve.

CBA REVENUE

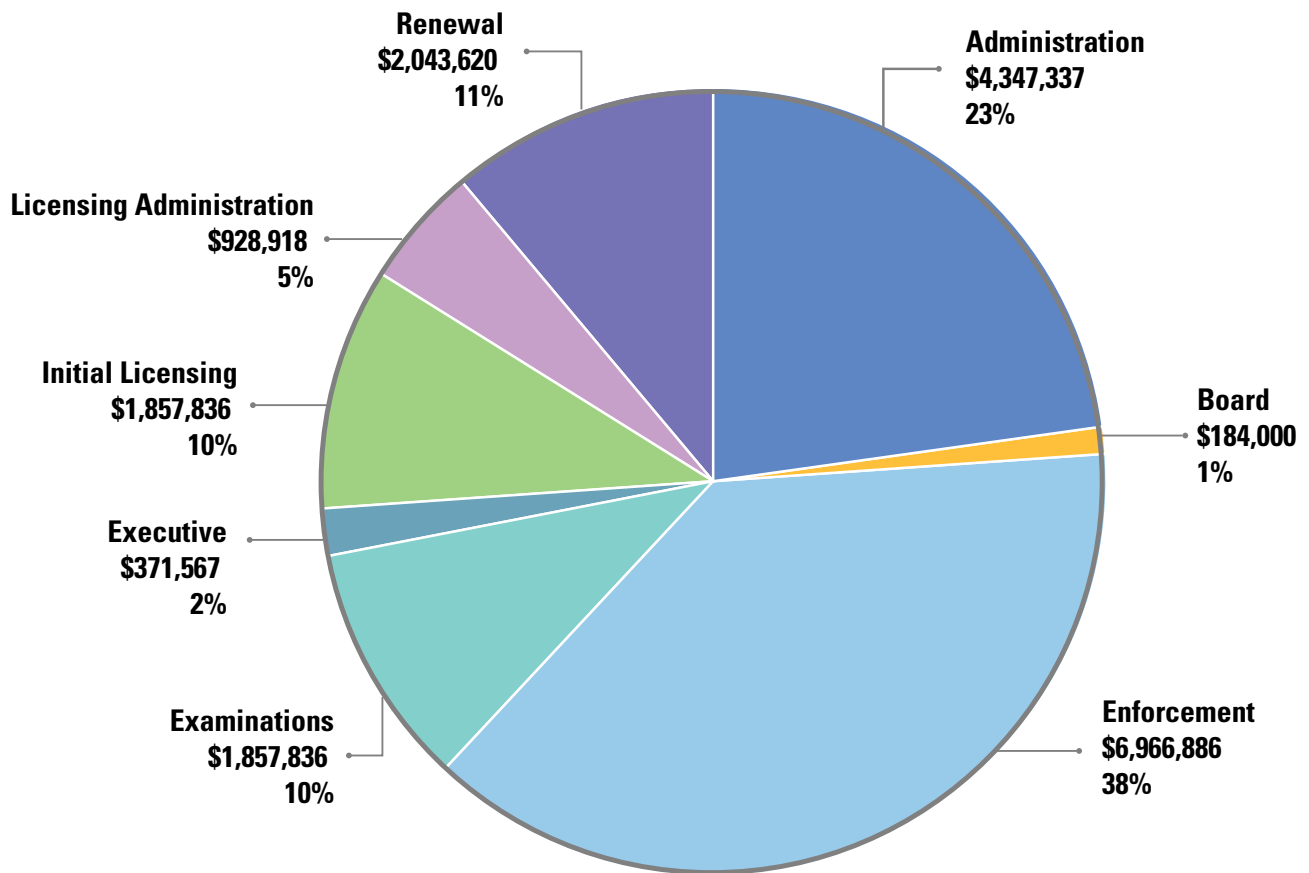
(Dollars in Thousands)



STATISTICS

The CBA allocates its budget to various organizational units to best meet its consumer protection mission while also striving to provide the best customer service to its stakeholders. The chart below depicts all the organizational units comprising the CBA and their associated funding levels for fiscal year 2022–23.

FY 2022–23 Allocations Total Budget: \$18,558,000



Expenditures	
Personnel Services	\$11,464,543
General Expense	\$159,924
Printing	\$97,559
Communications	\$64,475
Postage	\$101,833
Insurance	\$143
Travel In-State	\$46,298
Travel Out-of-State	\$1,078
Training	\$5,335
Facilities Operations	\$1,215,301
Consulting and Professional Services (Internal)	\$676,408
Consulting and Professional Services (External)	\$538,526
California Department of Consumer Affairs Pro Rata	\$2,668,752
Departmental Services	\$77,605
Consolidated Data Centers	\$135,017
Information Technology	\$102,875
Equipment	\$19,806
Special Items of Expense	\$9,936
Total	\$17,385,415

Note: The expenditures for fiscal year 2022–23 are based on fiscal month 13 reports and reflect actual amounts expended. The expenditure amounts shown are not equal to the amounts shown on the fund condition report due to the fund condition displaying both expended and encumbered amounts. Due to rounding, the sum of the line items is \$1 less than the listed total.

RESERVE LEVEL

The CBA's reserve level for the end of fiscal year 2022–23 was \$10,481,000 at the end of fiscal month 13, which is approximately 6.2 months in reserve. The CBA operates within its legislatively established budget and ensures spending does not exceed its authorized amount. At the end of each fiscal year, the CBA will revert any unspent monies to its reserve.

Fund Condition Statement (Dollars in Thousands)			
	Fiscal Year 2021–22	Fiscal Year 2022–23	Fiscal Year 2023–24
Beginning Balance	\$12,880	\$10,750	\$10,481
Prior Year Adjustments	\$403 ¹	N/A	N/A
Adjusted Beginning Balance	\$13,283	\$10,750	\$18,792
Revenues	\$16,032	\$16,705	\$18,360
Interest Income Revenue	\$52	\$286	\$125
Accrued Interest, Loans to General Fund	N/A	N/A	N/A
Loan Repayment from General Fund	N/A	N/A	\$10,000
Operating Transfer to General Fund	-\$764	N/A	N/A
Total Revenue and Transfers	\$16,084	\$16,991	\$18,485
Budget Authority	\$18,084	\$18,558	\$20,174
Actual Expenditures ²	\$16,320	\$15,145	\$18,763 ³
Disbursements to Other State Agencies	\$1,533	\$2,115	\$1,411
Fund Balance	\$10,750	\$10,481	\$18,792
Months in Reserve	7.5	6.2	10.9

¹\$403,000 was added after the end of the fiscal year and represents the disencumbering of amounts for previous fiscal years and credits for revenue posted after the end of the fiscal year.

²Expenditure figures on this fund condition statement consist of actual expenditures and encumbered amounts. Encumbered amounts may be reflected on the fund condition statement for up to three years, and then are included in the prior year adjustment amount.

³Fiscal year 2023–24 is a projection of full budget expenditure authority.



ON THE HORIZON

The CBA will be preparing to implement its fee increase, the first step of which is scheduled to take effect July 1, 2024. This fee increase was approved in Senate Bill 816 (Roth, Chapter 723, Statutes of 2023).

In 2020, Governor Gavin Newsom authorized a \$10 million loan from the Accountancy Fund to the General Fund because of the fiscal crisis in California caused by COVID-19. The Government Code authorizes the Governor to borrow money from special funds such as the Accountancy Fund to address the state's budgetary shortfalls in emergency or crisis situations.

The loan is scheduled for repayment with interest at the end of fiscal year 2023–24.

ADDITIONAL RESOURCES

To keep CBA members and stakeholders apprised of the CBA's fiscal standing, a budget report is presented during CBA meetings. The information includes expenditures, year-end projections, staffing allocations, and the Accountancy Fund status. The budget information for CBA meetings is posted on the website. The presentation on the CBA's budget can be viewed during the meeting webcast and the video is archived on the CBA website.

For additional transparency, a report on the CBA's budget is provided annually in the *UPDATE* publication. This report contains budget allocation information, expenditures, and upcoming budgetary changes. Additional information can be found in prior annual reports (available at www.cba.ca.gov under the "Communications and Outreach" tab).





COMMUNICATIONS AND OUTREACH

OVERVIEW

The Communications and Outreach team had a busy year, marked by the return of in-person outreach events and the redesign of the CBA website. Ramping up communications regarding CPA Evolution, the major licensure model and examination changes coming in January 2024, was also a high priority. The recruitment of three new individuals to the Communications and Outreach team in the past year were key to these accomplishments and will position the CBA to have the ability to produce a higher volume of multimedia content heading into the next fiscal year. CPA Evolution communication and increased multimedia production were both goals listed in the Communications and Outreach Plan, updated in January 2023, which serves as a gameplan for the CBA's communications and outreach activities.

STRATEGIC PLAN HIGHLIGHTS

One of the outreach objectives of the CBA's 2022–24 Strategic Plan is to foster knowledge of, and support for, the role and mission of the CBA among target audiences. Being able to conduct outreach, particularly events in person, is a vital component of accomplishing this objective. When members of the CBA and its staff can speak directly to stakeholders, such as college students or consumers at a job fair, the goal is to provide a new connection and a stronger sense of how the CBA meets its consumer protection mission.

Another objective of the Strategic Plan is increasing understanding of the requirements and process to obtain and maintain a license with the CBA. This topic is covered specifically in every outreach event conducted with students, especially with the CBA embarking on the SURE CPA Project. The CBA is asking targeted questions at these events designed to determine how clear or unclear examination and licensure candidates feel the requirements are.

Lastly, the CBA crafts messaging on its social media pages to fulfill two other Strategic Plan objectives, helping consumers choose a licensed and qualified CPA or accounting firm, and assisting them with reporting concerns regarding services received from licensed or unlicensed individuals.

REDESIGNED WEBSITE

The CBA debuted a fresh look for its website in October 2022. The new site has a completely different look, offering a more contemporary feel and many new features for visitors, such as an eye-catching carousel of rotating images on top of the homepage. Links to the website's more highly trafficked pages are now prominently visible on the homepage through the use of "info blocks," making overall navigation through the website a simpler process.

A new page was added to the website to provide information and resources about CPA Evolution, and another to congratulate individuals receiving their CPA license each month. Documents that were previously displayed as PDF files on the website are being transitioned to HTML webpages, which aids with accessibility.

OUTREACH EVENTS

The CBA participated in a variety of outreach all over the state of California with many events now returning to an in-person format. Since there are benefits to conducting outreach virtually yet other benefits to holding events in person, the CBA takes advantage of both options to maximize interest and participation. The CBA values the relationships it has formed with many colleges and universities across California and welcomed the opportunity to partner with schools to conduct outreach events and to assist with amplifying CBA messaging to its students.

August 2022

CBA-Hosted Virtual Event

The CBA produced a virtual outreach event on August 29 titled “The Future of the Accounting Profession” that was attended by almost 500 individuals. The event featured presentations on CBA Connect, the Importance of Continuing Education to Maintaining High CPA Standards, and the Role of the CBA Enforcement Program. A distinguished panel led by then-CBA President Michael M. Savoy, CPA, also discussed topics relevant to the future of the profession. Mr. Savoy was joined on the panel by California Society of CPAs (CalCPA) President and CEO Denise Froemming, CPA; National Association of State Boards of Accountancy (NASBA) Vice President of State Board Relations Dan Dustin, CPA; and Alliance for Responsible Professional Licensing Executive Director Marta Zaniewski.

Tri-County Job Fair

The CBA participated in the Tri-County Job Fair in Rocklin, a city northeast of Sacramento. Administration Unit Manager Christy Abate represented the CBA at the event and conversed with many who stopped by the CBA table. She handed out flyers regarding the open Investigative CPA positions with the CBA, provided background about the CBA, and discussed the state hiring process and other CBA career opportunities with job seekers.

October 2022

NASBA Annual Meeting

NASBA held their 115th Annual Meeting in San Diego in late October, attended by various CBA members and many other accounting regulatory professionals from around the country. At the event, then-President Savoy gave a “Welcome to California” presentation to meeting attendees to open the event.

Included in the presentation was an interactive “California Trivia” portion, where Mr. Savoy quizzed the attendees on their knowledge of the state, from the Golden Gate Bridge and Disneyland to California’s agricultural exports and its highest mountain peak. The trivia questions were an entertaining way to kick off the week’s itinerary.

CalCPA Accounting Education Committee

The CBA participated virtually in a meeting of CalCPA’s Accounting Education Committee. Licensing Chief Michelle Center and then-Enforcement Chief Dominic Franzella joined the virtual meeting to provide information to the committee on the new Early Entry provisions for the Uniform CPA Examination (CPA Exam), passage of Assembly Bill 298, CPA Evolution, regulatory changes, and more.

November 2022

Sacramento State Annual Student Night

CBA Member Joe Rosenbaum, CPA, represented the CBA at the Sacramento chapter of CalCPA’s annual Student Night, titled “CPAs: Work Hard, Play Harder.” The event featured networking, dinner, and presentations. Mr. Rosenbaum spoke about the role of the CBA, and the changes coming to the CPA Exam in 2024 with CPA Evolution.

January 2023

CalCPA California Legislative Summit

CBA President Katrina L. Salazar, CPA, spoke at CalCPA’s California Legislative Summit on January 18. The event provided an opportunity to share current and upcoming priorities of the CBA and answer questions posed by attendees.



April 2023

President Salazar Speaking Engagements

President Salazar participated in two events in the month of April. On April 25, she spoke to a local Financial Executive International (FEI) chapter. The event focused on how the world of accounting is changing. She shared lessons she has learned and stories from her experience as CBA President and serving on the boards of NASBA and the American Institute of CPAs.

President Salazar joined a panel at the Women's Leadership Forum in Mountain View on April 28, sponsored by the CalCPAs Education Foundation. During the discussion, she shared her unique journey, discussed pivotal moments that led her to becoming a CPA, and how she overcame obstacles and turned them into learning experiences.

May 2023

Beta Alpha Psi Spring Banquet

The CBA participated in its first on-campus outreach event since before the pandemic on May 9 at California State University, San Bernardino (CSUSB) for the annual Beta Alpha Psi Spring Banquet. CBA Member Nancy J. Corrigan, CPA, was joined by Information and Planning Officer David Hemphill as well as Jennifer Jackson and Megan Mitchell from the Examination Unit.

Ms. Corrigan spoke about the role of the CBA and value of the CPA license, while Mr. Hemphill and Ms. Jackson discussed the requirements for examination and licensure and informed the audience of the upcoming CPA Evolution transition. Ms. Jackson and Ms. Mitchell also met individually with CSUSB students to review their transcripts. After the presentation, the program shifted to a time for questions from the students. Mr. Hemphill moderated this portion of the evening and, in addition to the students' questions, posed some questions back to the students about their understanding of the educational requirements, which was designed to acquire useable data for the SURE CPA Project.

June 2023

American Academy of Attorney-CPAs' Annual Meeting and Education Conference

CBA Secretary/Treasurer Joe Rosenbaum, CPA, spoke at the American Academy of Attorney-CPAs' Annual Meeting and Education Conference in Monterey. He gave a presentation titled "The Future of the Accounting Profession" to more than 50 individuals discussing the CBA's regulation of its 115,000 licensees, how CPA Evolution will impact the future CPA, what the CBA and other stakeholders are doing to positively impact the pipeline, and the importance of continuing education to maintain knowledge and competency when providing services to consumers.

SOCIAL MEDIA

The CBA social media pages showed significant growth this fiscal year, providing a greater voice for the CBA to amplify important messaging to stakeholders. The CBA's [Facebook](#), [X](#) (formerly known as Twitter), and [LinkedIn](#) pages collectively gained over 1,600 new followers during the year, bringing the pages to a combined total of over 12,000 followers.

A fresh look was introduced to many social media posts to enhance visibility and engagement. Visually appealing graphics were created to use on social media to speak to the CBA's diverse social audience and engage them in different ways. By elevating social media messaging, especially related to topics that stakeholders are frequently emailing or calling staff to ask about, the CBA continued to provide an excellent customer service experience, limiting confusion and time-consuming interactions.

Two of the CBA's most successful posts of the year included photos of Michael M. Savoy, CPA, getting to [sign his daughter's newly-earned CPA certificate](#) as one of his final actions as CBA President, and wishing the CBA's most tenured licensee, Robert Gorran, PA, a [happy 100th birthday](#) (yes, he is still practicing!).



Promotional flyer produced for the CBA-hosted virtual outreach event in August.



CBA Administration Unit Manager Christy Abate at the Tri-County Job Fair in Rocklin.



CBA Member Joe Rosenbaum, CPA, speaks to students at Sac State's annual Student Night.



CBA President Michael M. Savoy, CPA, at the NASBA Annual Meeting in San Diego.



CBA President Katrina L. Salazar, CPA, at the CalCPA Legislative Summit in Sacramento.



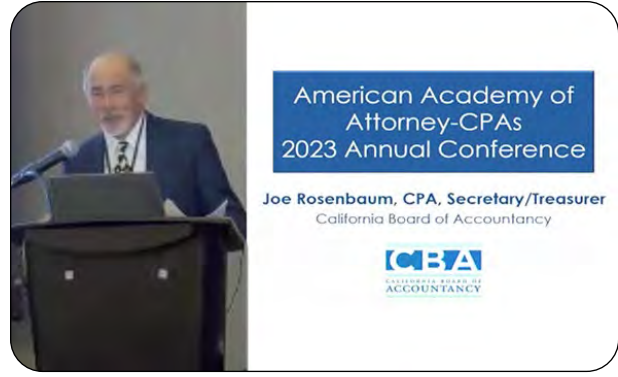
CBA President Katrina L. Salazar, CPA, at the FEI April Dinner in Sacramento.



From left: CSUSB Beta Alpha Psi President Elsa Flores; CBA Information and Planning Officer David Hemphill; CBA Member Nancy J. Corrigan, CPA; CBA Examination Unit Staff Jennifer Jackson and Megan Mitchell; CSUSB Accounting and Finance Department Chair Dr. Taewon Yang.



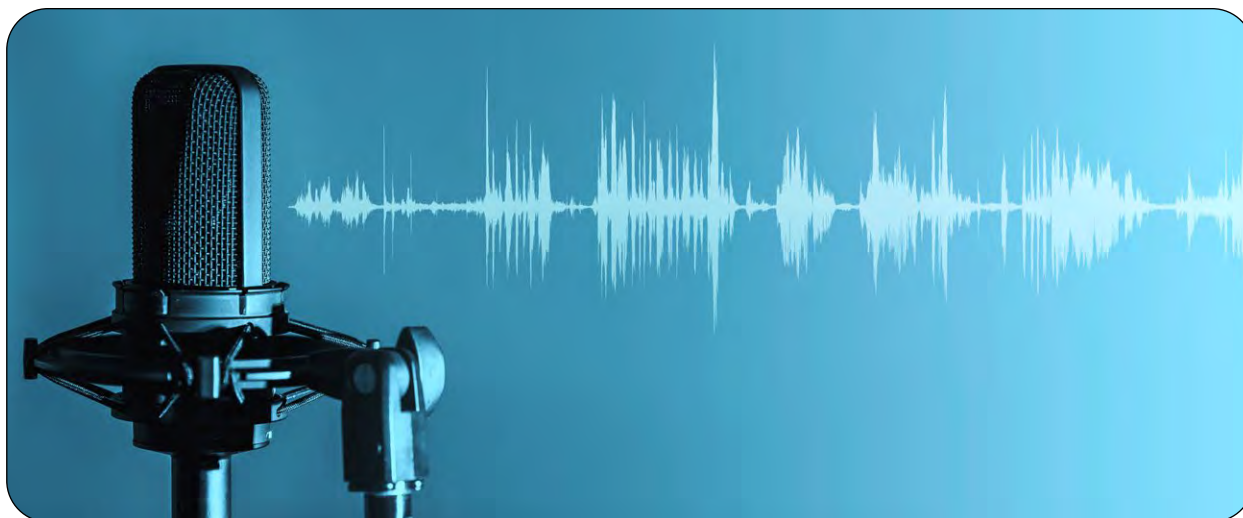
CBA staff reviewing student transcripts at the CSUSB Beta Alpha Psi Spring Banquet.



CBA Secretary/Treasurer Joe Rosenbaum, CPA, at the AAA-CPAs Conference in Monterey.



CBA Member Nancy J. Corrigan, CPA, at the CSUSB Beta Alpha Psi Spring Banquet.



MULTIMEDIA

The population's desire to consume audio and video content was never higher than in fiscal year 2022–23, and the CBA continued to use many vehicles to satisfy this appetite and to provide educational and entertaining videos and podcasts for its stakeholders.

The CBA produced three new episodes of the **"Accounting for California Podcast"** this year. The first was a conversation about the role of the CBA's Enforcement Program with then-Enforcement Chief Dominic Franzella. He discussed how the program goes about protecting California consumers, the most common reasons licensees might get referred to enforcement, and how consumers can help the CBA maintain the integrity of the CPA license.

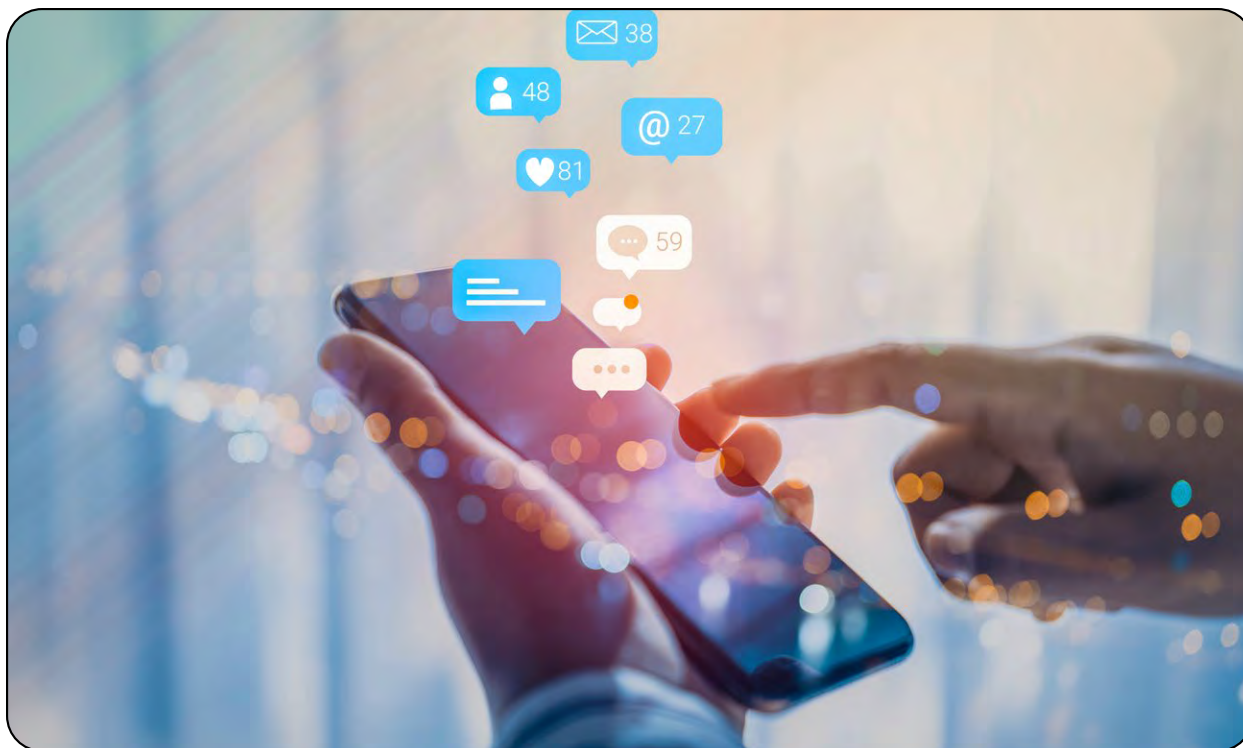
Another episode focused on CBA Connect, the new online renewal platform which debuted in the spring of 2022. The episode featured Special Projects Manager Suzanne Gracia and License Renewal and Continuing Competency Manager Sarah Benedict. CBA Connect was only a few

months old at the time, so the conversation was an introduction to the platform, with details about how to create an account, an overview of its features, and more ways to make renewal a more pleasant experience.

A third episode was a conversation with newly elected CBA President Katrina L. Salazar, CPA. She laid out her priorities for the CBA in 2023, including why diversity is key to the future of the accounting profession.

The CBA also produced three videos in the last 12 months. One of the videos was instructional in nature, informing licensees **how to upload their continuing education into CBA Connect** using the CBA's newly created data template. The video, posted on the CBA website and its YouTube page, has been viewed almost 8,000 times to date.

President Salazar starred in the other two, which were recruitment videos aimed at raising awareness of the **vacancies on the CBA** and **its advisory committees**, and encouraging qualified candidates to apply for these roles.



ON THE HORIZON

Fiscal year 2023–24 promises to be a year filled with new and exciting content for CBA stakeholders. With a full communications and outreach team in place, plans are being made for the creation of multiple new CBA videos, as well as an even higher volume of activity on social media. The launch of CPA Evolution will occur during this fiscal year, and communication will be paramount as the date approaches to help candidates navigate the transition from the current CPA Exam to the new 2024 version.

The CBA will publish the 100th issue of its triannual *UPDATE* newsletter in late 2023. Staff are preparing some additional fun and even historical features to commemorate the milestone.

Staff will also continue to explore ways to communicate appropriate messaging in Spanish or other languages and anticipate this happening even more in the next fiscal year.

ADDITIONAL RESOURCES

The CBA produced three issues of its *UPDATE* newsletter during fiscal year 2022–23, which can be [read or downloaded](#) on the CBA website under the “Communications and Outreach” tab.

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ENFORCEMENT ACTIVITIES

OVERVIEW

The Enforcement Program's primary responsibility is to oversee the enforcement of California laws and rules governing the practice of public accountancy. It does this by:

- Conducting complex investigations regarding practice issues that require the expertise of a licensed CPA.
- Conducting investigations for administrative violations and unlicensed activity.
- Issuing citations and fines for violations that do not rise to the level of discipline.
- Filing accusations and imposing discipline.
- Assigning and monitoring referrals to the Office of the Attorney General.
- Monitoring licensees on probation.
- Monitoring compliance with the mandatory peer review program.

STRATEGIC PLAN HIGHLIGHTS

The Enforcement Program continued to realize improvements in case management due to best practices developed and implemented in the prior fiscal years as illustrated:

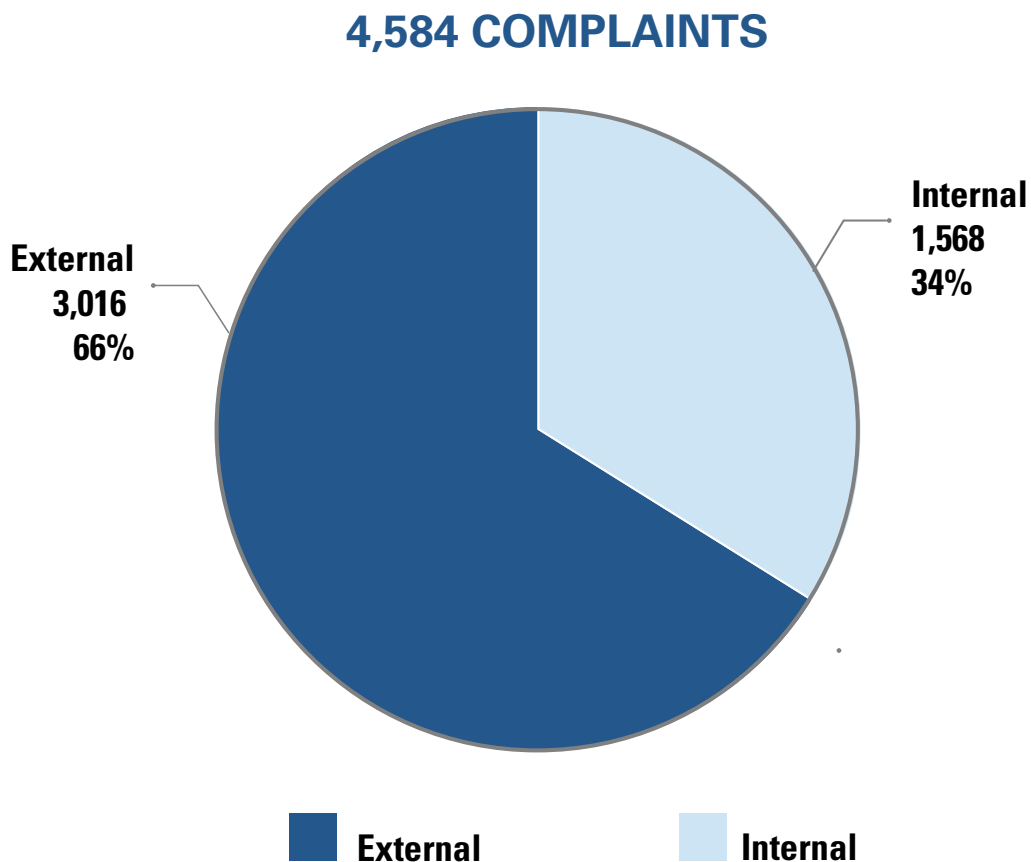
- The Enforcement Program closed 5,043 investigations. This is a 61 % increase in the number of cases closed compared to the prior fiscal year (3,126). Staff closed nearly 75% of the investigations within the first six months, and 99% within one year.
- The number of complaints received this fiscal year (4,584) was a slight increase compared to the prior fiscal year (4,414).
- The Enforcement Program continues to focus on decreasing the number of complaints pending over 24 months. The fiscal year ended with two complaints over 24 months.

COMPLAINTS RECEIVED

The Enforcement Program receives complaints from consumers, licensees, professional societies, law enforcement, other government agencies, and internal referrals. In addition, staff regularly monitors other outlets, including the news media and social media, for information that may suggest licensees' violations of the California Accountancy Act and CBA regulations.

The internal complaints from the CBA Licensing Program include various licensing renewal deficiencies related to continuing education, potential discrepancies in peer review reporting, and conviction and subsequent arrest notifications.

The number of external complaints received remained flat this year. Of the total complaints received, 45% are primarily related to individuals that do not have an active CPA license issued in California who may be holding out as a CPA on a specific social media website. The overall inventory of pending cases at the end of fiscal year 2022–23 was 1,693. This represents a 20% decrease from fiscal year 2021–22.



INVESTIGATIONS

The Enforcement Program assigned 4,584 cases and closed 5,043 cases in fiscal year 2022–23. The average time to close an investigation was 122 days, which is an increase compared to the prior fiscal year. The increase in average days to close is mainly due to the increased number of investigations assigned. In comparing last year to this year, the number of cases assigned for investigation increased by 170 and the number of investigations closed increased by 1,917.

Investigations	2021–22	2022–23
Assigned for Investigation	4,414	4,584
Investigations Closed	3,126	5,043
Average Days to Close	97	122

WORKING WITH THE OFFICE OF THE ATTORNEY GENERAL

The Enforcement Program referred 38 cases to the Office of the Attorney General in 2022–23. The number of cases pending with the Attorney General decreased from 32 cases last year to 24 cases this year. This decrease is primarily attributed to the Enforcement Program’s effectiveness in working to obtain settlement shortly after a pleading is filed.

Attorney General’s Office	2021–22	2022–23
Referrals	34	38
Cases Pending	32	24

DISCIPLINARY ACTIONS

The CBA acted on 37 matters, the majority of which were through stipulated settlements. This is an increase in the number of matters handled by the CBA last year, which was 32.

Disciplinary Actions	2021–22	2022–23
Stipulations	25	27
Proposed Decisions	4	4
Default Decisions	3	4
Total	32	37

CITATIONS

The CBA uses its citation and fine authority for violations that do not rise to the level of discipline and as a mechanism to gain compliance from licensees. In fiscal year 2022–23, the CBA issued 463 citations. The top three violations included:

- **California Code of Regulations section 87(a)(1) (20/12 Continuing Education Requirement).**
- **California Code of Regulations section 52 (Response to CBA Inquiry).**
- **Business and Professions Code 5050(a) (Practice without a Permit).**

UNLICENSED ACTIVITY

The CBA actively investigates unlicensed matters from both consumer complaints and internally identified matters on CPAs or accountancy firms operating with an expired license, individuals without a CPA license, and unregistered accounting firms. Generally, the Enforcement Program can obtain compliance from individuals, but does issue citations or refer matters to local law enforcement or the district attorney when warranted.

The number of complaints received in unlicensed activity decreased slightly, from 2,308 complaints received in the prior year, to 2,173 received this year. The Enforcement Program closed 2,430 unlicensed complaints this year, a 222% increase compared to last year. These complaints primarily involved individuals advertising on a specific social media platform.

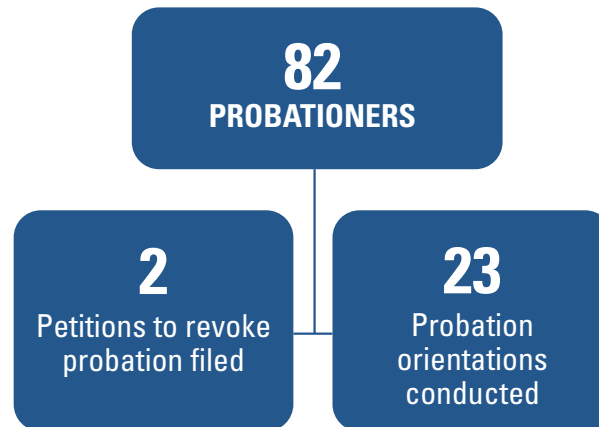
Unlicensed Activity	2021–22	2022–23
Complaints Received	2,308	2,173
Investigations Pending	1,709	1,069

Unlicensed Activity Outcomes	2021–22	2022–23
Citations Issued	24	4
Closed for Compliance	727	2,426
Referred to District Attorney/ Local Law Enforcement	3	0
Total	754	2,430



PROBATION MONITORING

Probation monitoring is an important program and essential aspect of the CBA's consumer protection mission. It helps ensure only qualified licensees practice public accountancy in accordance with established professional standards.



PRACTICE PRIVILEGE REPORTING

This table depicts the enforcement aspects of the CBA's mobility program in these identified areas:

Practice Privilege Reporting	Total
Pre-Notification Forms Received	1
U.S. Securities and Exchange Commission Discipline Identified	17
Public Company Accounting Oversight Board Discipline Identified	6
Out-of-State Accounting Firms That Reported Other Discipline	5
External Complaints Against Practice Privilege Holders	222

ENFORCEMENT PERFORMANCE MEASURES

Enforcement Performance Measures	Target	Result
Number of Complaints and Convictions Received	N/A	4,584
Number of Complaints Closed or Assigned to an Investigator	N/A	4,584
Average Number of Days from Complaint Receipt to the Date the Complaint Was Closed or Assigned to an Investigator	10	1
Number of Investigations Closed (Not Including Cases Transmitted to the Attorney General)	N/A	5,043
Average Number of Days to Complete the Entire Enforcement Process for Cases Not Transmitted to the Attorney General (Includes Intake and Investigation)	180	122
Number of Cases Closed After Transmission to the Attorney General for Formal Disciplinary Action (Including Formal Discipline and Closures Without Formal Discipline, e.g., Withdrawals, Dismissals, etc.)	N/A	37
Average Number of Days of Cases Closed After Transmission to the Attorney General for Formal Disciplinary Action (Including Formal Discipline and Closures Without Formal Discipline, e.g., Withdrawals, Dismissals, etc.)	540	742
Number of New Probation Cases	N/A	20
Average Number of Days from the Date a Violation of Probation is Reported to the Date the Assigned Monitor Initiates Appropriate Action	15	1

The CBA's Investigation Cycle Time was 122 days. Although this is an increase compared to the last fiscal year's cycle of 97 days, the CBA investigated 1,917 more cases than last fiscal year.

The CBA's average number of days for the Formal Discipline Performance Measure decreased from 978 days from last year to 742 this year, a 24% decrease. The performance measure associated with formal discipline calculates the average number of days to complete the entire enforcement process from the date the complaint was received until the effective date of the final discipline for decisions that took effect during that quarter.

ON THE HORIZON

Consistent with the CBA's mission of consumer protection, the CBA continues to work collaboratively with other state boards, agencies, and regulators in investigating unlicensed activity to ensure consumers are receiving services from appropriately licensed professionals.

As the CBA continues its efforts on business modernization, the Enforcement Program is to be part of the next phase. Consistent with the CBA's 2022–2024 Strategic Plan, the Enforcement Program is working on a modernized case management system.

ADDITIONAL RESOURCES

The CBA offers an online complaint tool that allows consumers to submit a complaint and upload supporting documentation. It can be found at www.cba.ca.gov under the "Consumers" tab.





LICENSING ACTIVITIES

OVERVIEW

The Licensing Program's primary charge in meeting the CBA's consumer protection mission is to regulate entry and continuing practice in the profession by ensuring that only those who are qualified are licensed to practice public accountancy. Its three units—Examination, Initial Licensing, and Renewal and Continuing Competency—act as gatekeepers for the profession by ensuring:

- Applicants meet education requirements prior to taking the CPA Exam.
- Applicants for licensure meet the examination, education, and experience requirements necessary for CPA licensure.
- Accountancy partnerships and corporations are appropriately registered.
- Applicants for renewal maintain reasonable currency of knowledge.
- Out-of-state registered accounting firms that intend to perform specified accounting services for entities headquartered in California meet the minimum registration requirements.

STRATEGIC PLAN HIGHLIGHTS

The CBA maintains a 30-day processing target for its applications. The CBA reports this target time frame to the Governor's Office and the California Legislature as part of performance-based budgeting requirements and is included in the CBA's 2022–24 Strategic Plan. The CBA posted tools to the CBA website to assist applicants and licensees as reflected in the 2022–24 Strategic Plan, including:

- "How to Upload CE into CBA Connect" tutorial video on how to use the CE upload feature for online CPA license renewals.
- New streamlined website that allows users to perform a search and quickly find information.
- Improved Frequently Asked Questions (FAQ) section for licensees.

In support of the 2022–24 Strategic Plan, and following up on a goal in the 2019–2021 Strategic Plan to collaborate with the California Department

of Consumer Affairs (DCA) to build and implement an information technology solution that will provide automated and online services to CBA stakeholders, Licensing Program staff continued to work collaboratively with DCA's Office of Information Services (OIS) staff to make enhancements and refinements to the online license renewal program, CBA Connect, that was launched in April 2022. Some key features that were added include:

- Developing a CE Data File Template to allow licensees to upload CE in bulk. Additionally, CBA staff worked with third-party agencies to test that records could be extracted from their systems, saved into the CBA CE Data File Template, and uploaded into CBA Connect.
- Modifying the PDF copy of the renewal application to include the licensee's license number, expiration date, and regulatory review date.

- Adding the regulatory review due date to the licensee dashboard.
- Allowing the ability for a licensee to update their username and phone number.
- Allowing the ability for a licensee to delete multiple CE records at once.

Consideration of the CPA Experience Requirement Taskforce

The CBA formed a taskforce to evaluate the present attest experience requirement necessity. The taskforce, titled Consideration of the CPA Experience Requirements Taskforce (CERT), consisted of four CBA members and one member representing each of the following: the accounting profession, academia, consumers, NASBA, and a CBA advisory committee member with a license obtained with general accounting experience.

CERT met on several occasions during 2022–23, concluding in January 2023. CERT made the following recommendations to the CBA:

- The current attest experience requirement is necessary and sufficient for the protection of consumers by ensuring only qualified licensees practice public accountancy in accordance with professional standards.
- Increase notification to clients when a firm is performing attest engagement and the firm owner does not have the authority to sign reports on attest engagements. Also, increase peer review notification and professional responsibility through enforcement actions.
- Create a pathway to allow accounting firm owners who do not have the authority to sign reports on attest engagements to obtain the

qualifying experience necessary to be granted authority to sign reports on attest engagements.

- Explore how current regulations may be amended to define reciprocity requirements more thoroughly for attest applicants.

Students Understand the Requirements to be a CPA Project

In addition to CERT, the CBA launched a multi-year project with the goal of clarifying the education requirements for CPA licensure by implementing solutions that will provide future CPA applicants, educational institutions, professional associations, and other stakeholders with a better understanding of the requirements. The project is titled Students Understanding the Requirements to be a CPA Project, or SURE CPA Project for short.

To gather information for the project, the CBA created a survey aimed at high school/college students interested in accounting as a career, recent college graduates pursuing a CPA license, and licensed CPAs. The survey contains questions pertaining to how well the survey-taker understood the requirements, what they didn't understand, and how they would like to receive information (e.g., videos, text, podcast).

Continuing Education Regulatory Changes

Further, the CBA revised CE regulations to add Nano and Blended CE courses as acceptable programs for California licensees. A Nano course is one that is at least 10 minutes in length but not more than 20 minutes. A Blended course is one in which a portion of the course is completed in a group setting and another portion of the course is completed independently. The amended regulations became effective July 1, 2023.

APPLICATIONS APPROVED FOR THE CPA EXAMINATION

This table is an overview of the first-time and repeat application volume for the CPA Exam.

Examination Request	2021–22 Received	2021–22 Approved	2022–23 Received	2022–23 Approved
First-Time Test	5,386	4,840	5,913	4,755
Repeat Test	13,707	13,707	14,504	14,504
First-Time Test (Early Entry)	348	348	744	637
Repeat Test (Early Entry)	N/A	N/A	202	202
Total	19,441	18,895	21,363	20,098



APPLICATION AND LICENSURE STATISTICS

This table is an overview of the application and licensure volume for both individual and accounting firm licenses.

Application Type	2021–22	2022–23
Initial CPA License		
Received	3,262	2,984
Approved	3,426	2,868
Initial CPA Accountancy Firm		
Received	284	260
Approved	271	269
Initial Out-of-State Firm Registration		
Received	61	49
Approved	69	49

Applications received at the end of the fiscal year may not be processed until the following fiscal year.

POPULATION

		2022–23
Certified Public Accountant/ Public Accountant	Active CPA/PA	65,123
	Out-of-State	7,864
	Out-of-Country	804
	Inactive	22,048
	Delinquent/Expired	14,213
	Retired Status	4,406
Accountancy Firms	Corporation	4,329
	Partnership	1,311
	Out-of-State Accounting Firm	875
Fictitious Name	Permit	2,680

LICENSE RENEWALS

CPA licensees are required to renew their licenses biennially, in conjunction with their birth month. Accountancy corporations, partnerships, and out-of-state accounting firms are also required to renew biennially, corresponding with their registration date with the CBA. Additionally, a Fictitious Name Registration holder must renew every five years from the date of issuance.

License Renewals	2022–23
Certified Public Accountant/Public Accountant	42,098
Accountancy Corporation	2,028
Accountancy Partnership	565
Out-of-State Accounting Firm	125
Fictitious Name Permit	221
Total	45,037

License Renewal Review	
Total Reviewed	59,562²
Deficient	2,729
Deficiency Rate	5%

² Applications reviewed may be higher than received because applications may not be processed in the same year they are received.

The license renewal application review includes both individual and firm applications. As part of these reviews, staff evaluate the various requirements necessary for each license renewal type, which would include a review of CE worksheets for each CPA renewal.

Continuing Education Audits	
Compliant	684
Pending Review	120
Deficient	48
Enforcement Referral	51
Total Selected	903

ON THE HORIZON

The primary focus of the Licensing Program remains the processing of applications within 30 days. The CBA will continue exploring methods that streamline processes, create efficiencies, and leverage resources to process applications more quickly and assist applicants on their pathway to licensure. On that front, the CBA will continue the SURE CPA Project to identify opportunities to clarify the CPA licensure education requirements.

ADDITIONAL RESOURCES

The CBA website—www.cba.ca.gov—contains significant resources for applicants and licensees including:

- [Exam Quick Tips](#) and [Licensing Quick Tips](#).
- [Licensees' Frequently Asked Questions](#).
- Webinars on CPA examination and CPA licensure requirements.





ASSISTANCE TO MILITARY AND REFUGEES/ ASYLEES/SPECIAL IMMIGRANT VISA HOLDERS

OVERVIEW

The CBA is committed to increasing awareness of benefits and improving assistance for California military members and their families, and provides information and resources on a dedicated military page on the CBA website. The CBA not only aids military members, but also refugees/asylees/special immigrant visa holders. Priority review and expedited application processing are given to both groups.

The CBA maintains both a military-specific and a refugee/asylee/special immigrant visa holder-specific email address and toll-free telephone number. The CBA has a designated staff member who acts as the military and refugee/asylee/special immigrant visa holder liaison. The liaison serves as a primary point of contact and is available to personally assist these applicants and licensees.

Since the implementation of these practices, the CBA has received positive feedback from those taking advantage of the liaison's assistance. The newly implemented practices have improved our customer service and application processing times for these individuals, and we look forward to continuing to serve them in this manner in the future.

APPLICATIONS APPROVED FOR MILITARY AND REFUGEES/ASYLEES/SPECIAL IMMIGRANT VISA HOLDERS

Application Type	Received	Approved
CPA Examinations (Military)	61	72
CPA License (Military)	48	36
CPA Renewal (Military)	3	3
CPA Examination (Refugee)	17	18
CPA License (Refugee)	6	6

Applications approved may be higher than received because applications may not be processed in the same year they are received.

ADDITIONAL RESOURCES

- **Military**—email militaryinfo@cba.ca.gov or call (833) 992-0577.
- **Refugee/asylee/special immigrant visa holder**—email refugeeinfo@cba.ca.gov or call (833) 656-2318.





LEGISLATION AND REGULATIONS

OVERVIEW

The CBA's legislative and regulatory programs help ensure California laws support the CBA's consumer protection mission. This is accomplished by:

- Tracking and monitoring the status of bills that may impact the CBA's mission or its operations.
- Developing and maintaining relationships with the Legislature to help ensure the CBA has the resources and policies in place to protect consumers.
- Communicating with the authors of bills of interest to the CBA, inviting those authors to attend CBA meetings, providing them with the CBA's legislative analyses, and expressing willingness to meet and discuss pending legislation.
- Identifying activities that help the CBA effectively engage with the Legislature and appropriately advocate for its position on bills and emerging issues.
- Engaging with stakeholders including DCA, other boards and bureaus, representatives of CalCPA, national accounting firms, and consumer advocates.
- Initiating changes to statutes or regulatory requirements consistent with CBA-approved policy.

STRATEGIC PLAN HIGHLIGHTS

The CBA continues to work on meeting the 2022–24 Strategic Plan goal of maintaining an active presence and leadership role that efficiently leverages the CBA's position of legislative influence.

At the beginning of the 2022–23 fiscal year, Senate Bill 1443 (Roth, Chapter 625, Statutes of 2022), delayed the CBA's Sunset Review date, providing the CBA another year to gather information for the Legislature regarding its consumer protection mission and develop its Sunset Review Report.

The CBA spent the second half of the fiscal year monitoring and taking positions on various legislation that related to the CBA's mission and operations. One related piece of legislation, Senate Bill 816 (Roth, Chapter 723, Statutes of 2023), included legislative language to restructure CBA fees. The increased revenue coming from this fee increase will help to maintain the CBA's fiscal health.

The CBA had a successful fiscal year as it engaged with the Legislature, DCA, and other stakeholders to advocate for the CBA's position on the following key bills:

LEGISLATION

SB 544 (Laird)—CBA POSITION: SUPPORT

Outcome: Chapter 216, Statutes of 2023

Summary: This bill amends the Bagley-Keene Open Meeting Act related to how a state body conducts a meeting by teleconference. The bill requires state bodies to permit the public to address the state body, ensure the state body implements procedures to accommodate requests from individuals with disabilities, cease or recess meetings when technical issues are identified, and provide transparency for those participating remotely by requiring the disclosure of other individuals 18 years of age and older who are present. The bill requires that a majority of the members be present at one location for a minimum of 50% of the meetings each year, and adds a repeal date of January 1, 2026. The bill also made additional changes relative to state advisory bodies, authorizing member teleconferencing from non-public sites under certain circumstances, and authorizes public attendees to submit pseudonyms when using online access.

SB 372 (Menjivar)—CBA POSITION: NO POSITION

Outcome: Chapter 225, Statutes of 2023

Summary: This bill seeks to protect the privacy and ensure the safety of transgender and nonbinary Californians by eliminating the use of deadnames for licensed professionals who have changed their legal names.

SB 816 (Roth)—CBA POSITION: SUPPORT

Outcome: Chapter 723, Statutes of 2023

Summary: This bill incorporates a fee restructuring which provides the revenue the CBA requires to maintain its fiscal health. It provides for a two-step fee increase of the initial licensure and renewal fees, and the renewal fee for a partnership or professional corporation. The statutory maximum fee is increased for the initial licensure application fee. A statutory cap is established on the registration fee which may be charged to professional corporations. The bill also provides for minor clean-up of technical and obsolete provisions.

SB 887 (Senate Business, Professions and Economic Development Committee)—CBA POSITION: SUPPORT

Outcome: Chapter 510, Statutes of 2023

Summary: This bill makes non-substantive changes to CBA statutes for the following: deleting language for an advisory committee no longer in use, updating Peer Review terminology, deleting reference to old Practice Privilege fees, removing outdated transitional language for CPA licensure requirements from 2013, deletion of an obsolete report, and other non-substantive and grammatical fixes.

For [updates on legislation](#) tracked and monitored by the CBA, please visit the “Laws and Rules” page of the CBA’s website under the “Quick Hits” section.



REGULATORY CHANGES

Throughout fiscal year 2022–23, the CBA advanced its pending rulemaking packages. This table indicates each pending or approved regulatory change.

Title 16 California Code of Regulations/Status	Subject
Approved	
2.8	Definition of Satisfactory Evidence—Transcripts
12, 12.5	Second Signature Removal
43, 45	Peer Review Reporting Form
87, 88, 88.1, 88.2, 89, 90	Continuing Education Programs
Pending	
6, 7.1, 7.3, 8.2, 9.2, 9.3, 13	CPA Evolution and Early Entry to the CPA Exam
41, 50.1	Firm Responsibilities and Client Notification Regarding Attest Services
54.3, 54.4	Sale, Transfer, or Discontinuance of Licensee's Practice
98	Disciplinary Guidelines
99.3	Reinstatement of Surrendered Licenses via Written Record

ON THE HORIZON

The Sunset Review process provides the Legislature with an opportunity to conduct a thorough review of the CBA's programs and effectiveness of protecting consumers. The Legislature last conducted a Sunset Review of the CBA in 2019. With the passage of Senate Bill 1443, the next Sunset Review will take place in 2024, when the CBA President and an additional CBA member will attend a legislative hearing and provide testimony regarding CBA operations and respond to various questions regarding CBA activities and accomplishments over the prior four years. Work on the Sunset Review Report has begun, and the final report will be submitted to the legislature prior to its due date in early January 2024.

ADDITIONAL RESOURCES

The following legislative and regulatory information is posted on the CBA website:

- [California Accountancy Act](#).
- Current and pending [CBA regulations](#).
- [Pending legislation](#) upon which the CBA has taken a position.



INFORMATION TECHNOLOGY

OVERVIEW

The CBA's Information Technology (IT) Unit strives to create and maintain a strong technology foundation for all CBA operations through architecture, hardware, software, and staff support. Further, the CBA's Business Modernization efforts look to achieve future automation with various CBA operations.

STRATEGIC PLAN HIGHLIGHTS

The IT Unit made significant progress in completing 2022–24 Strategic Plan objectives. Specifically, the following objectives were completed:

- Integrate CBA IT systems, as appropriate, with DCA.
- Provide staff the necessary hardware and applications to ensure compliance with DCA's telework policy.
- Ensure necessary equipment, hardware, and applications are available to support the CBA's virtual meetings and outreach activities.

BUSINESS MODERNIZATION PROJECT

Staff continued to work closely with DCA on the Business Modernization Project to achieve its goal of creating a more efficient licensing and renewal process for applicants and licensees, and improved business processes for all stakeholders.

Since the inception of CBA Connect in April 2022, the CBA has received over 53,000 renewal applications. Of these, 66% were auto approved and 34% were approved by staff. During fiscal year 2022–23, the CBA continued to develop and add new features to the system to create a better user experience. A highly sought after request was to allow licensees the ability to upload all their CE at once instead of having to enter each course

individually. Starting in November 2022, licensees have been able to upload all their CE using a CBA-specified CE Data File template. The template can be downloaded from the CBA website or the licensee's CBA Connect dashboard and can be used to track CE during their two-year renewal cycle.

NETWORK MIGRATION

For almost 30 years, the CBA maintained its own independent IT network and systems. But over the years the IT industry has grown and changed significantly. The challenge of maintaining technological parity with the IT industry in general, and other state agencies specifically, while maintaining a safe, secure IT infrastructure has become increasingly difficult, especially given the growing sophistication of the security threats that organizations of all sizes face. As a result of these challenges, the CBA embarked on a project to merge its IT systems and networks into DCA's IT infrastructure.

The network migration was considered a large-scale IT project and was conducted with preciseness between DCA's IT staff, led by Chief Technology Officer Baird Cowan, and the CBA's System Administrator Dave Hansen. CBA IT staff were also critical during this project and included Rich Andres, Manny Estacio, Amir Larian, and Allan Taylor.

The project started with replacement of the CBA's internet/WAN (wide area network) connection with a high-speed connection to DCA's internal network. DCA's internet connection became the ingress and egress point for the CBA's internet access for staff and its public web servers.

This was followed by ensuring all CBA laptops and desktops were "reimaged" to use the same software environment and configuration as DCA laptops and desktops. This ensured CBA laptops and desktops are fully compatible with DCA's IT infrastructure.

The CBA then migrated CBA's Microsoft Office 365 (O365) environment and Active Directory (AD) "domain" into DCA's existing O365 environment and AD domain. This was the final step in the merger process.

The migration was finalized in early July 2023. As previously stated, a primary benefit that this merger brings to the CBA is the ability to address and counter growing IT security threats and allow CBA IT staff to better focus on supporting staff, planning, and preparing for our upcoming business modernization projects, and helping to improve staff efficiencies.

Website

While website enhancements were highlighted under the Communications and Outreach section of this report, the actual modifications were handled by IT staff. Some of the substantive changes that were made include:

- Launch of a completely redesigned website.
- Creation of a CPA Evolution webpage including a widget counting down to its launch.
- Creation of a "Welcome To Our New CPAs!" webpage to congratulate and highlight each month's newly licensed CPAs.
- Creation of a SURE CPA Project webpage.

The CBA website meets and exceeds all accessibility requirements, and the CBA continues to replace PDF files with HTML resources whenever feasible to ensure greater functionality and accessibility.

There were 30 CBA and committee meeting livestreams posted online. The CBA issued 19 e-news messages.

Telecommunications

To ensure stakeholders have continued telephone access to the CBA, IT staff worked with DCA's OIS to get Microsoft Teams calling integrated with the current CBA phone system. This project was initiated in fiscal year 2021–22 and is still being finalized; however, staff can initiate and answer telephone calls via their computer and whether they are in the office or working remotely. Staff also coordinated with OIS, the California Department of Technology, and AT&T to get the DCA network set up in the CBA office server room.

Computer Services for CBA Staff

Prior to our migration to DCA's IT infrastructure, staff developed a CBA-specific standard Windows/ O365 setup for PCs and laptops for telework and coordinated with managers to issue laptops and PCs to staff for telework assignments. IT staff also developed training for new PC and laptop functions and worked with staff to troubleshoot procedures for connecting to remote desktop servers.

In total, IT staff responded to over 1,500 help desk tickets for a variety of IT-related problems including software functionality, telephone, hardware/ equipment, network, website, and email issues.


Database and Application Creation and Maintenance

The CBA has several internal database and application tools to assist staff in all divisions with completing their assigned tasks. During fiscal year 2022–23, as part of the network transition, significant work was done on the applications to ensure continued functionality on the new platform. Additionally, some applications and databases underwent various enhancements to improve workflow. A new application was developed for tracking the progress of rulemaking packages, which will be finalized during 2023–24.



California Board of Accountancy
2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833
www.cba.ca.gov



PDE_23-399 

November 16-17, 2023

Item IX.D.

Outreach Events

Fort Irwin Army Base Educational Event

The California Board of Accountancy (CBA) participated in the Fort Irwin Army Base Education, Credentialing, and Resource Fair on September 6, 2023, at the Fort Irwin Education Center. The outreach was an effort to educate attendees about CPA licensure and share printed informational materials with the community. The event was open to all residents in the area but focused on speaking to active-duty soldiers, spouses, high schoolers, civilians, contractors, and retirees. The CBA would like to extend a special thank you to Special Projects Manager Suzanne Gracia for travelling to Fort Irwin to engage attendees in face-to-face conversations.



Sacramento State University: Talk to the CBA

The CBA is partnering with California State University, Sacramento (Sac State) for the final outreach event of 2023, happening on December 5. Information and Planning Officer David Hemphill and Initial Licensing Unit Manager Jennifer Huddy will speak with students in a roundtable format about the requirements to be approved to sit for the Uniform CPA Examination (CPA Exam) and for CPA licensure, and the students will have a chance to ask questions. Additional staff will be present to review students' transcripts. Local CPAs will be seated at other tables to interact and network with the students.



More student outreach opportunities are being discussed with Sac State for 2024 as the CBA continues to engage with the next generation of accounting professionals to become a trusted partner.

CalCPA Elite Access Series

CBA President Katrina L. Salazar, CPA, will speak to California CPA's "Elite Tiered" members at CalCPA's Elite Access Series virtual event on November 7. Additionally, President Salazar will engage with a wide variety of stakeholders and share updates on CBA activities and initiatives, as well as information from the National Association of State Boards of Accountancy annual meeting.



Attorney-CPAs Meeting

For the second time this year, CBA Secretary/Treasurer Joe Rosenbaum, CPA, will present to members of the American Academy of Attorney-CPAs. The virtual event will be held on November 9. He will discuss his career as a forensic accountant, among other topics.

New Multimedia Content

Staff has created a variety of new multimedia content that speaks to stakeholders in a fresh, informative, and engaging tone. Three videos were produced by Information and Planning Specialist Jacob Sudia, the first being on the topic of CPA Evolution, with Enforcement Analyst Tyler Wipfli as the narrator. The video uses graphics to



visualize the current and new sections of the CPA Exam, and to explain the transition as simply as possible. The video was well received on the CBA social media channels and may be viewed on the [CPA Evolution page](#) of the CBA website.

On the same topic, Episode VII of the "Accounting for California Podcast" was posted to the [podcasting page](#) of the CBA's website. The new episode features Examination Unit Manager Eulalio Ortega discussing many aspects of CPA Evolution in depth, including why a new CPA Exam was created, how to properly navigate the transition to the new CPA Exam, and important dates for candidates to be aware of.

Another video completed recently was a stylistic recap of the September CBA meeting and outreach events held at California State Polytechnic University, Pomona. The goal of the video was to showcase the many benefits for students and faculty of having the CBA on their campus, and give a peek behind the curtain about what went on at the successful outreach events. The engaging video, blending real-life footage with still shots, gives the viewer an exciting look at CBA outreach initiatives.



The unit's latest video focuses on working at the CBA, which will support recruitment efforts by attracting potential new hires. The video features several members of the staff from multiple units telling what they like about working at the CBA. It aims to give the viewer insight into how their skills may fit with the CBA Team, the benefits of working at the CBA, and why a career in public service may be right for them.

UPDATE 100 Newsletter

The [latest UPDATE newsletter](#), issue No. 100, will be published in November. The celebratory issue is filled with information about recent and upcoming CBA activities, as well as fun retrospective elements. Topics include outreach opportunities, the upcoming sunset review, the latest updates involving CPA Evolution, and a catch up with past CBA Presidents. Additionally, all recent CBA enforcement actions are included. It can be viewed under the Communications and Outreach tab of the CBA website.

The issue also features an interview first published in Cal CPA Magazine titled "Crunching More Than Numbers" with CBA President Katrina L. Salazar, CPA. President Salazar discusses why diversity in the profession is important to her personally, how diversity, equity, and inclusion are essential to keep the pipeline growing, and what steps the CBA is taking to make the profession more diverse.

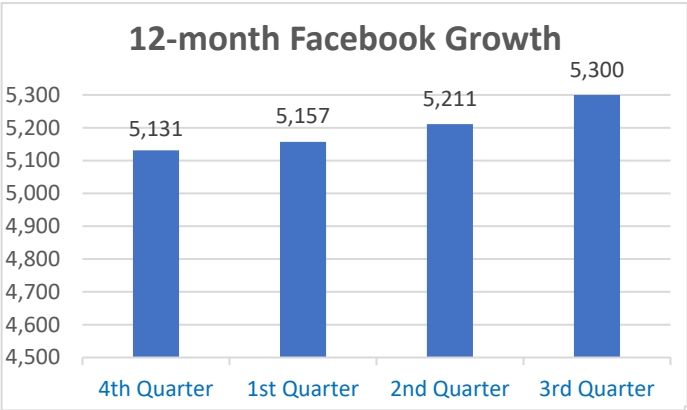
CBA Reports

The CBA's fiscal year 2022-23 Annual Report is being presented to the CBA at the November meeting. Once approved, it will be posted to the CBA website, and a link will be provided for viewing. The 2024 Sunset Review Report is also awaiting final CBA approval and will be submitted to the legislature prior to the due date of January 4, 2024. A legislative hearing will be held at a future date.

Social Media

The CBA social media accounts continue to provide the most up-to-date information for stakeholders. Since the last meeting, audience on all platforms has grown at an even higher pace as can be seen in the charts below, which is a direct correlation to increasing the frequency of posts across all platforms. This increase has driven up engagement and allowed for CBA content to be seen by a greater number of stakeholders. It is worth noting that growth on LinkedIn was not as robust last quarter due to the platform's purge of inactive accounts in September.

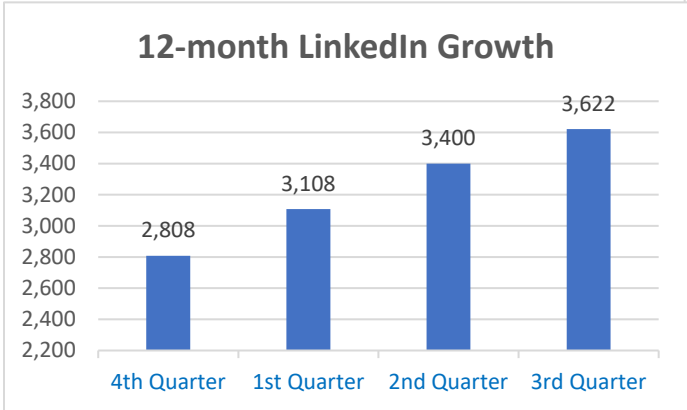
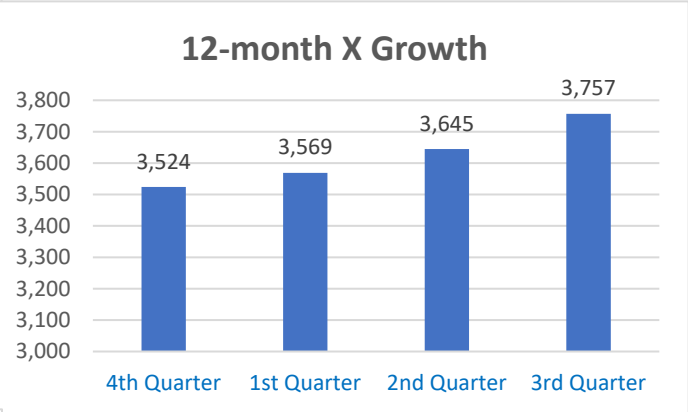
A new content element is the "CBA Connect Tip of the Week," posted every Tuesday to give licensees insight into CBA Connect they may not have known. The CBA is excited to add Instagram to its social portfolio as an additional way to communicate via photo and video. Please be sure to follow the new Instagram account, which may be found @CBANews.



Total Followers: 5,300
3rd Quarter Growth: +89, 1.7%
12-month Growth: +180, 3.5%



Total Followers: 3,757
3rd Quarter Growth: +112, 3.1%
12-month Growth: +258, 7.2%



Total Followers: 3,622
3rd Quarter Growth: +222, 6.5%
12-month Growth: +1,115, 44.5%

E-News

E-News Subscriptions	Total
Consumer Interest	5,261 (+12)
Examination Applicant	3,367 (+17)
Licensing Applicant	4,088 (+18)
California Licensee	11,203 (+21)
Out-of-State Licensee	2,812 (+9)
Statutory/Regulatory	8,990 (+20)
CBA Meeting Information & Agenda Materials	4,504 (+21)
UPDATE Publication	9,030 (+14)
Total Subscriptions	49,255 (+132)

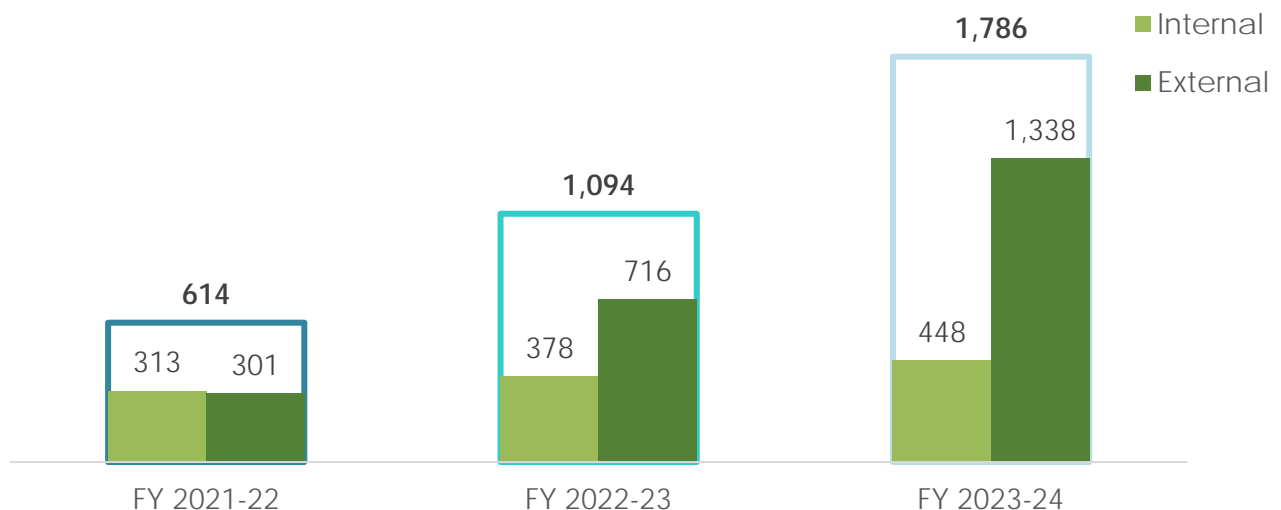
November 16-17, 2023

CBA Item XI.A.

Complaints

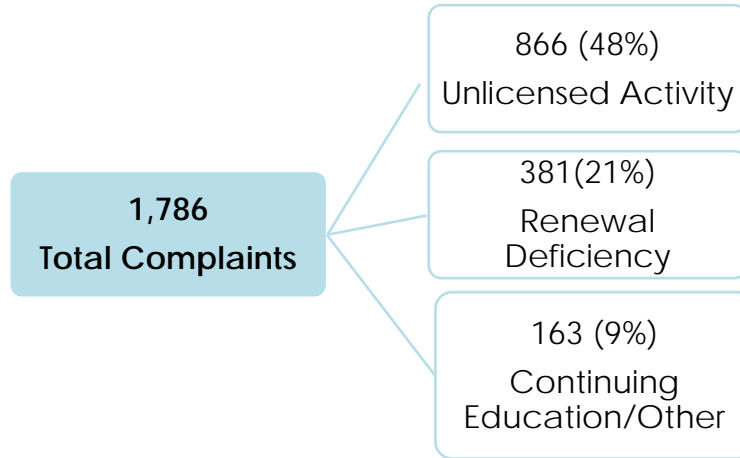
FY 2023-24 (3 months of data)	1,786 Received – Internal 448 – External 1,338
FY 2022-23	4,584 Received – Internal 1,568 – External 3,016
FY 2021-22	4,414 Received – Internal 1,384 – External 3,030

Received as of September 30th

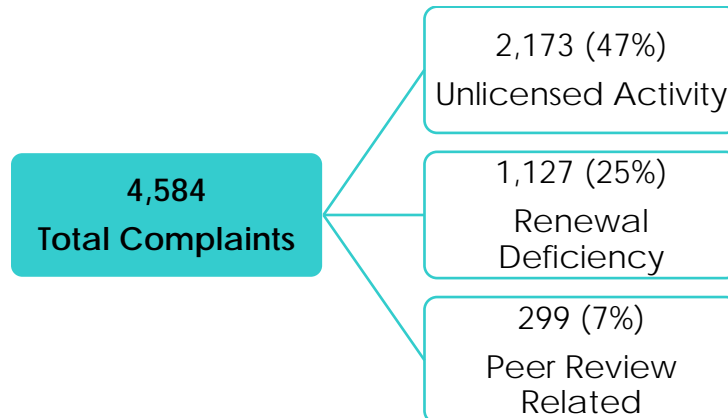


Top 3 Complaint Types Received

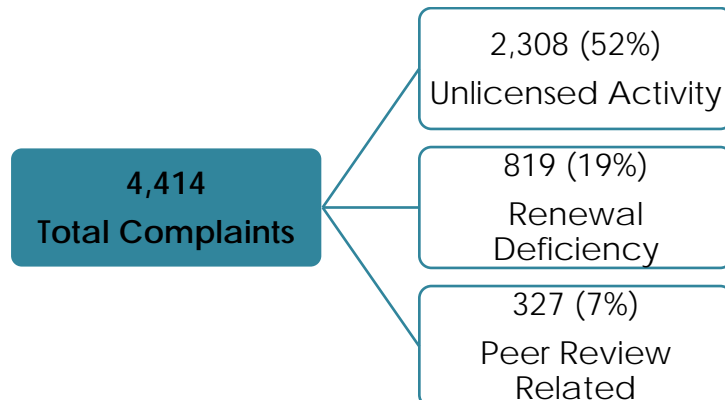
Fiscal Year 2023-24



Fiscal Year 2022-23



Fiscal Year 2021-22



Investigations

The number of complaints assigned for investigations and closed.

Investigations	FY 2021-22	FY 2022-23	FY 2023-24 3 months of data
Investigations Assigned	4,414	4,584	1,786
Investigations Closed	3,126	5,043	1,831
Average Days to Close	97	123	105

- The average number of days to close decreased slightly from the last report, from 123 to 105.

Investigations Closed	FY 2023-24 3 months of data
Total Closed FY 2023-24	1,831
Closed within 0-6 Months	1,405
Closed within 6-12 Months	308
Closed within 12-24 Months	118
Closed >24 Months	0

- Of the total 1,831 investigations closed in FY 2023-24, 1,405 or 77% were closed within six months from the initial complaint investigation date. Further, 1,713 investigations or 94% were closed within one year.

Pending

Investigations Pending	FY 2021-22	FY 2022-23	FY 2023-24 3 months of data
Total Investigations Pending	2,114	1,693	1,894
0-6 Months	2,060	1,382	1,486
6-12 Months	32	218	311
12-24 Months	21	91	94
>24 Months	1	2	3
Average Age of Open Cases (days)	57	111	105

- Of the total 1,894 pending cases, 78% were less than six months old and approximately 95% were less than one year old.
- There are three ongoing investigations pending over 24 months.

Discipline

As part of its mission of consumer protection, the California Board of Accountancy (CBA) referred matters to the Attorney General's (AG) Office for imposition of discipline.

Discipline	FY 2021-22	FY 2022-23	FY 2023-24 3 months of data
AG Referrals	34	38	5
Accusations Filed	25	28	7
Statement of Issues Filed	2	1	0
Petitions for Revocation Filed	3	3	0

Age of Complaints Pending at Attorney General's Office

Pending at AG	FY 2021-22	FY 2022-23	FY 2023-24 3 months of data
Total Pending at AG's Office	32	24	24
0-6 Months	11	13	16
6-12 Months	14	6	6
12-24 Months	7	4	1
>24 Months	0	1	1

Final Orders

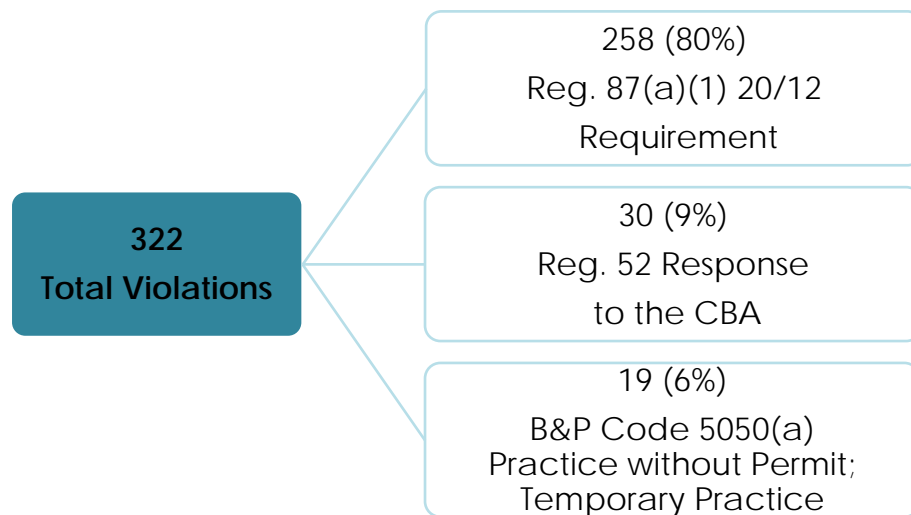
Disciplinary Action	FY 2021-22	FY 2022-23	FY 2023-24 3 months of data
Final Decision Orders	32	37	11
Stipulated Settlement	25	27	4
Proposed Decision	4	6	5
Default Decision	3	4	2

Citations and Fines

Citations	FY 2021-22	FY 2022-23	FY 2023-24 3 months of data
Total Citations Issued	459	463	285
Total Fines Assessed	\$113,825	\$146,650	\$62,250
Fine Average	\$248	\$317	\$219
Average Number of Days from Receipt of Complaint to Issuance of Citation	206	93	102

FY 2023-24 Top 3 Violations

3 months of data



Citation and Fine Appeals and Outcomes	FY 2023-24
Citation and Fine Appeals Received	29
Citations Modified	2
Citations Withdrawn	12
Citations Affirmed-Upheld	15

- A citation may be withdrawn for reasons such as financial hardship, health-related matters, or submission of mitigating evidence demonstrating compliance.

Unlicensed Activity

	FY 2021-22	FY 2022-23	FY 2023-24 3 months of data
	32	28	9
External	2,276	2,145	857
Total	2,308	2,173	866

Complaint Categories	FY 2021-22	FY 2022-23	FY 2023-24 3 months of data
Practice without Permit	967	1,089	375
Individuals without a CPA License	1,293	1,055	486
Unregistered Firms	48	29	5
Total	2,308	2,173	866

Investigations	FY 2021-22	FY 2022-23	FY 2023-24 3 months of data
Investigations Pending	1,709	1,069	1,197
-Referred to Division of Investigation	3	0	0
Total	1,712	1,069	1,197

Outcomes	FY 2021-22	FY 2022-23	FY 2023-24 3 months of data
Citations Issued	24	4	19
Closed for Compliance	727	2,426	791
Referred to District Attorney / Local Law Enforcement	3	0	0
Total	754	2,430	810

Probation Monitoring

Monitoring Activity	FY 2023-24
Number of Licensees on Probation as of Last Report	82
New Probationers Since the Last Report	2
Number of Probationers Off Probation	8
Total Number of Probationers	76
Out-of-State Probationers	9
Total Probation Orientations Completed	2
Referrals to Revoke Probation	0

Violations Detected

CPAs disciplined for various violations may be placed on probation for an ordered amount of time with required terms. To ensure probationers successfully fulfill their probationary terms, the CBA Probation Monitoring Unit continuously reviews individual probation files and identifies violations, notifies probationers, records all monitoring activities, and communicates with the probationers to obtain compliance with probation terms.

Violations detected include:

Probation Violation(s) Types	Detected
Cost Reimbursement	2
Obey All Laws	0
Submit Written Quarterly Report	6
Active License Status	0
Restricted Practice	0
Peer Review	0
Continuing Education	0
Administrative Penalty	0
Probation Monitoring Costs	0
Personal Appearance	0
Violation of Citation	0
Tolling of Probation for Out-of-State Residence/Practice	0
TOTAL	8



LICENSING ACTIVITY REPORT

November 16-17, 2023

CBA Item. XII.A

July 1, 2023 – September 30, 2023

Licensing Highlights

- The Examination and Initial Licensing Units experienced a brief increase in processing times but are now processing complete applications within 30 days.
- Licensees in Retired status may now renew online through CBA Connect.

Application Processing Snapshot

Table 1: Complete¹ Application Processing Times as of September 30, 2023

Application Type	Processing Time Complete Applications
First-Time Uniform Certified Public Accountant Examination (CPA Exam)	27
CPA Initial License	27
Corporation Initial License Application	25
Partnership Initial License Application	23
Out-of-State Firm Registration Application	3

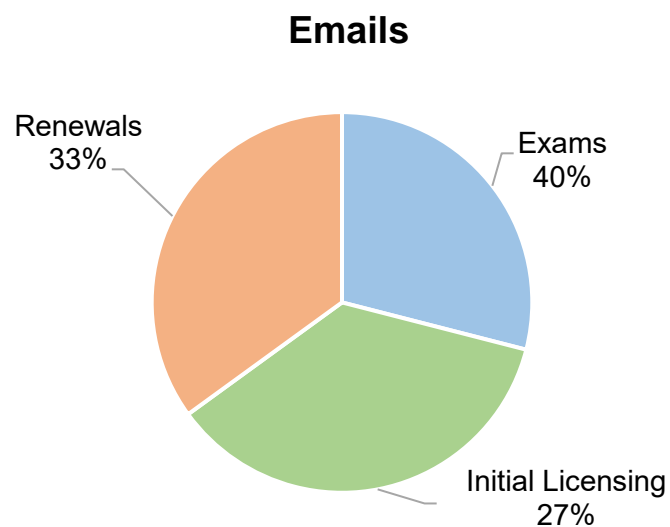
¹ Only applications deemed complete at the time of initial review (*i.e.*, did not require additional information/documentation) are used to calculate processing times.

Inquiries

Table 2: Inquiries Received by Fiscal Year

Inquiry Type	2021-22 July-June Received	2022-23 July-June Received	2023-24 July-Sept Received
Telephone ²	32,286	33,533	10,202
Email	94,629	71,336	23,706
Total	126,915	104,869	33,908

Chart 1: Email Distribution by Unit



² Telephone inquiries are inclusive of those received by the Department of Consumer Affairs call center.

Uniform CPA Examination Statistics

Table 3: CPA Exam Applications by Fiscal Year

Examination Request	2021-22 Approved	2022-23 Approved	2023-24 July-Sept Received	2023-24 July-Sept Approved ³
First-Time Test	4,840	4,755	2,367	2,073
Repeat Test	13,707	14,504	5,314	5,314
First-Time Test (Early Entry)	348	637	192	220
Repeat Test (Early Entry)	0	202	211	211
Total	18,895	20,098	8,084	7,818

- Staff identified 345 first-time CPA Exam applications with a deficiency where additional documentation is required from the applicant to approve their application. Deficiencies may include, but are not limited to, a shortage of accounting units or the conferral date of a bachelor's degree is not included on the transcript.

³ The number approved may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

Initial Licensing Statistics

Table 4: Initial Licensure Activity by Fiscal Year

License/Registration/Permit Type	2021 22 Issued	2022 23 Issued	2023 24 July Sept Received	2023 24 July Sept Issued ⁴
CPA – General Accounting Experience	2,513	2,075	562	460
CPA – Attest Experience	913	793	230	173
<i>Subtotal CPA</i>	3,426	2,868	794 ⁵	633
Partnerships	48	58	7	5
Corporations	223	211	48	17
Out-of-State Firms	69	49	20	20
<i>Subtotal Firms</i>	340	318	75	42
<i>Total Fictitious Name Registrations</i>	66	59	17	17
Total Licenses/Registrations	3,832	3,245	886	692

- There were a total of 376 initial CPA applications with a deficiency where additional documentation was required from the applicant to approve the application. This includes active applications received in prior fiscal years.

⁴ The number issued may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

⁵ This total includes two licensing applications that were received without experience forms and those have received a deficiency letter. At this time, the Initial Licensing Unit cannot determine whether these two applications are for licensure with general accounting experience or attest experience.

License Renewal Statistics

Table 5: License Renewal Activity by Fiscal Year

License/Registration/Permit Type	2021 22 Renewed	2022 23 Renewed	2023 24 July Sept Renewed
CPA	44,396	42,097	10,850
Public Accountant (PA)	2	1	1
<i>Subtotal CPA/PA</i>	<i>44,398</i>	<i>42,098</i>	<i>10,851</i>
Partnerships	631	565	149
Corporations	1,896	2,028	470
Out-of-State Firms	161	125	50
<i>Subtotal Firms</i>	<i>2,688</i>	<i>2,718</i>	<i>669</i>
<i>Total Fictitious Name Registrations</i>	<i>164</i>	<i>221</i>	<i>62</i>
Total Licenses/Registrations	47,250	45,037	11,582

Table 6: License Renewal Application Review by Fiscal Year (Cohort Report)⁶

Review Outcome	2021 22	2022 23	2023 24 July Sept
Deficient – Resolved Deficiency	1,226	2,464	422
Deficient – Outstanding	8	265	218
Enforcement Referral	195	67 ⁷	0
<i>Subtotal Deficient/Enforcement Referrals</i>	<i>1,429</i>	<i>2,796</i>	<i>640</i>
<i>Subtotal Compliant</i>	<i>37,518</i>	<i>56,766</i>	<i>10,975</i>
Total Reviewed	38,947	59,562	11,615

- If staff identified a deficiency that could be corrected (e.g., short continuing education (CE) hours) the renewal was counted as Deficient – Outstanding. If the deficiency is corrected, it will move to Deficient – Resolved Deficiency.
- Licensees who had a deficiency that was not corrected were referred to Enforcement.

⁶ Caution should be used when comparing fiscal years in this table. CBA Connect was launched on April 4, 2022, allowing for more efficient renewal review by automating a portion of the renewal review process.

⁷ CBA Connect ensures licensees meet specific renewal requirements prior to allowing the submission of the online renewal, explaining the decline in the number of renewals being referred to the Enforcement Division.

Table 7: Continuing Education Audits by Fiscal Year (Cohort Report)

Audit Outcome	2021 22	2022 23	2023 24 July Sept
Compliant CE	778	684	111
Non-Compliant CE – Outstanding	0	15	0
Non-Compliant CE – Resolved	38	33	3
Enforcement Referral	61	51	11
Audits in Process	0	120	100
Total Audits	877	903	225

- To conduct CE audits, staff select a random sample of licensees from those who reported completion of the 80 hours on their renewal application.

Population Statistics

Table 8: Population Statistics by Fiscal Year

License/Registration Type	June 30, 2022 Count	June 30, 2023 Count	Sept 30, 2023 Count
CPA – Active	65,966	65,121	64,608
PA – Active	2	2	1
<i>Subtotal CPA/PA – Active</i>	<i>65,968</i>	<i>65,123</i>	<i>64,609</i>
Accountancy Corporations	4,385	4,329	4,321
Accountancy Partnerships	1,326	1,311	1,308
Out-of-State Firm Registrations	859	875	897
<i>Subtotal Accountancy Firms</i>	<i>6,570</i>	<i>6,515</i>	<i>6,526</i>
<i>Total – Active CPA/PA and Firms</i>	<i>72,538</i>	<i>71,638</i>	<i>71,135</i>
CPA – Inactive	22,540	22,048	21,672
CPA – Delinquent	13,015	14,213	14,822
CPA – Retired	3,853	4,406	4,528
<i>Subtotal CPA – Inactive/Delinquent/Retired</i>	<i>39,408</i>	<i>40,667</i>	<i>41,022</i>
<i>Total Fictitious Name Registration</i>	<i>2,633</i>	<i>2,680</i>	<i>2,699</i>
<i>Grand Total Licenses/ Registrations</i>	114,579	114,985	114,856

Military and Refugee Statistics

The CBA provides assistance programs for past and present military personnel and their spouses/domestic partners, as well as refugees, asylees and special immigrant visa holders, collectively referred to as “refugee.”

Table 9: Military and Refugee Inquiries by Fiscal Year

Inquiries	2021 22	2022 23	2023 24 July Sept
Email (Military)	338	598	152
Telephone Calls (Military)	55	183	61
Email (Refugee)	73	124	34
Telephone Calls (Refugee)	13	117	26
Total Inquiries	479	1,022	273

Table 10: Military and Refugee Applications Received and Approved by Fiscal Year

Application Type	2021 22 Approved	2022 23 Approved	2023 24 July Sept Received	2023 24 July Sept Approved	Average Processing Time in Days
CPA Exam (Military)	13	72	23	23	8
CPA License (Military) ⁸	48	36	9	6	10
CPA Renewal (Military)	1	3	0	0	N/A
CPA Exam (Refugee)	4	18	4	4	4
CPA License (Refugee)	4	6	0	0	0

⁸ The CPA License (Military) statistic includes active military, veterans, and military spouses.



California Board of Accountancy
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Sacramento, CA 95833

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CBA Item XII.B.
November 16-17, 2023

Report on the American Institute of Certified Public Accountants' 2023 Trends Report

Presented by: Jennifer Huddy, Initial Licensing Unit Manager

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the American Institute of Certified Public Accountants (AICPA) [2023 Trends Report](#).

Consumer Protection Objectives

The CBA protects consumers by ensuring that only qualified individuals are approved for certified public accountant (CPA) licensure in the state of California.

Action(s) Needed

No specific action is required on this agenda item.

Background

At its November 2022 meeting, the CBA requested California-specific licensing data that could be useful when considering the CPA pipeline. Staff presented data to the CBA at its March and September 2023 meetings.

For the September 2023 meeting, staff prepared an item on the licensing data trends ([Item XI.B - Report on Long-Term Licensing Data Trends](#)); however, the AICPA had yet to release its *2023 Trends Report*. The AICPA annual report identifies key trends in U.S. accounting enrollments and graduates, as well as hiring in the public accounting sector, and select information about Uniform CPA Examination (CPA Exam) candidates. A review of the AICPA annual report, along with the long-term licensing data trends, is useful when considering the CPA pipeline.

Comments

Highlights from the *2023 Trends Report* related to students:

- “Bachelor’s degree completions in accounting dropped 7.8% from 2021–22 after steady decline of 1-3% per year since 2015–16.” (Figure 1.1)
- “Master’s degree completions also fell in 2021–22 (-6.4%), but the percentage decline is significantly less than in 2019–20.” (Figure 1.1)
- Women continue to outpace men in accounting degree completions. (Figure 1.2)

Report on the American Institute of Certified Public Accountants' 2023 Trend Report

Page 2 of 2

- Hispanic/Latino students who completed an accounting degree increased by almost a percentage point. White continues to be the race/ethnicity of most students who complete accounting degrees. (Figure 1.3)
- College/University “expectations continue to be optimistic, with 75% of responding bachelor’s programs and 78% of responding master’s programs expecting enrollment in 2023–24 to be the same or higher as in 2021–22.” (Figure 1.5)

Highlights from the *2023 Trends Report* related to firms:

- Vast majority (91%) of firms who responded indicated they expect to hire the same or more new graduates next year. (Figure 2.1)
- Majority (60%) of firms who responded indicated they expect to have the same or higher number of CPAs on staff in 2023 compared to 2022. (Figure 2.3)

Highlights from the *2023 Trends Report* related to the CPA Exam:

- Increase in the number of candidates sitting for the CPA Exam in 2023 compared to 2022 which may be attributed to the upcoming launch of the new exam in 2024. (Page 3)
- The number of new candidates sitting for the CPA Exam was at its lowest point in 2022 when compared to the prior 16 years. (Figure 3.1)

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this item.

Attachment

None.



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CBA Item XIII.A.
September 21-22, 2023
DRAFT

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
September 21-22, 2023
CALIFORNIA BOARD OF ACCOUNTANCY MEETING

California State Polytechnic University, Pomona
 Kellogg West Conference Center and Hotel
 3801 West Temple Avenue
 Pomona, CA 91768
 Telephone: (800) 593-7876

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

California Board of Accountancy (CBA) President Katrina L. Salazar, CPA, called the meeting to order at 9:09 a.m. on Thursday, September 21, 2023 at the Kellogg West Conference Center in Pomona. The CBA held the meeting in-person and provided public participation via WebEx. The CBA convened into closed session from 9:10 a.m. until 11:18 a.m. to deliberate on closed session matters. The CBA reconvened into open session on Friday, September 22, 2023 at 9:01 a.m. until 11:58 a.m. President Salazar adjourned the meeting at 11:58 a.m.

President Salazar read the following into the record:

The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

CBA Members

Katrina L. Salazar, CPA, President
 Yen C. Tu, Vice President
 Joseph Rosenbaum, CPA, Secretary/Treasurer

September 21, 2023

9:09 a.m. to 11:18 a.m.
 Absent
 9:09 a.m. to 11:18 a.m.

CBA Members

Nancy J. Corrigan, CPA
Karriann Farrell Hinds, Esq.
Dan Jacobson, Esq.
Kristian Latta, CPA
Tong "Tony" Lin (via WebEx)
Ariel Pe
Michael M. Savoy, CPA
Evangeline Ward

September 21, 2023

9:09 a.m. to 11:18 a.m.
9:09 a.m. to 11:18 a.m.
9:09 a.m. to 11:18 a.m.
9:09 a.m. to 11:18 a.m.
9:09 a.m. to 11:18 a.m.
Absent
9:09 a.m. to 11:18 a.m.
9:09 a.m. to 11:18 a.m.

CBA Members

Katrina L. Salazar, CPA, President
Yen C. Tu, Vice President
Joseph Rosenbaum, CPA, Secretary/Treasurer
Nancy J. Corrigan, CPA
Karriann Farrell Hinds, Esq.
Dan Jacobson, Esq.
Kristian Latta, CPA
Tong "Tony" Lin (via WebEx)
Ariel Pe
Michael M. Savoy, CPA
Evangeline Ward

September 22, 2023

9:01 a.m. to 11:58 a.m.
Absent
Absent
9:01 a.m. to 11:58 a.m.
9:01 a.m. to 11:58 a.m.
9:01 a.m. to 11:58 a.m.
9:01 a.m. to 11:58 a.m.
9:01 a.m. to 11:58 a.m.
Absent
9:01 a.m. to 11:58 a.m.
9:01 a.m. to 11:58 a.m.

Staff and Legal Counsel

Dominic Franzella, Executive Officer
Deanne Pearce, Assistant Executive Officer
Yvonne Dorantes, Assistant Deputy Director, Department of Consumer Affairs (DCA)
Board and Bureau Relations
Anthony Pane, Assistant Chief Counsel, DCA Legal Affairs Division
Michelle Center, Chief, Licensing Division
Elizabeth Coronel, Strategic Business Analyst, DCA
Theodore Dracar, Deputy Attorney General (DAG), Department of Justice (DOJ)
Emmanuel Estacio, Information Technology Support Analyst
Andrew Finkel, Information Officer I
David Hemphill, Information and Planning Officer
Jennifer Huddy, Manager, Examination Unit
Amir Larian, Website Analyst
Alexander Millington, Attorney III, Regulations Unit, Legal Affairs Division, DCA
Kari O'Connor, Deputy Chief, Enforcement Division
Eulalio Ortega, Manager, Examination Unit
Bryce Penny, Television Specialist, Office of Public Affairs, DCA
Katrina Pierce, Executive Analyst
Rebecca Reed, Board Relations Analyst
Jacob Sudia, Information Officer I

Committee Chairs and Members

Michael L. Williams, CPA, Chair, Qualifications Committee (QC)

Laura L. Ross, CPA, Chair, Peer Review Oversight Committee (PROC)

Other Participants

Jason Fox, Vice President of Government Relations, California Society of CPAs (CalCPA)

Meredith Johnson, 2023-24 Chair, CalCPA

Jake Smalling, Member of the Public

- I. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene into Closed Session to Receive Advice From Legal Counsel on Litigation.

A. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.

B. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.

C. *Farzan Alamirad, et al. v. Marjan Ravanbakhsh, et al.*, Los Angeles County Superior Court, Case No. 22STCV21941.

- II. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Will Convene into Closed Session to Deliberate on Enforcement Matters.

- III. Closed Session: Pursuant to Government Code Section 11126(c)(1), the California Board of Accountancy Will Convene into Closed Session to Prepare, Approve, Grade, or Administer Examinations.

- IV. Public Comments for Items Not on the Agenda.

Mr. Smalling expressed his trouble reaching CBA staff via the telephone.

Staff noted his name to reach out to him after the CBA meeting.

- V. Report of the President.

A. Resolution for Retiring Enforcement Advisory Committee Member, Mike Johnson, CPA.

It was moved by Ms. Hinds and seconded by Mr. Jacobson to approve the resolution for Mike Johnson, CPA.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

- B. Resolution for Retiring Enforcement Advisory Committee Member, Jim Songey, CPA.

It was moved by Mr. Jacobson and seconded by Mr. Savoy to approve the resolution for Jim Songey, CPA.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

- C. Resolution for Retiring Qualifications Committee Member, Brad Holsworth, CPA.

It was moved by Ms. Hinds and seconded by Ms. Corrigan to approve the resolution for Brad Holsworth, CPA.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

- D. Discussion of the Process for Annual Officer Elections.

President Salazar announced the annual officer elections would be held at the CBA's November 2023 meeting. She stated any member interested in a leadership position should submit a statement of qualifications to staff by October 6, 2023.

E. California Society of CPAs Report: Profession Update.

Ms. Johnson provided an update regarding the CPA profession, which included topics regarding CPA Evolution, the CPA Pipeline, CalCPA's rebranding campaign, CalCPA diversity surveys, and outreach regarding the CPA profession to under-resourced schools.

F. California Board of Accountancy 2023 Legislative Tracking Chart, 2023 Legislative Calendar and Considerations for Taking Positions on Legislation.

This was a written report only.

G. Update, Discussion, and Possible Action on Legislation Which the California Board of Accountancy Has Taken a Position or Previously Acted Upon.

1. Senate Bill 372 – Department of Consumer Affairs: Licensee and Registrant Records: Name and Gender Changes.
2. Senate Bill 544 – Bagley-Keene Open Meeting Act: Teleconferencing.
3. Senate Bill 816 – Professions and Vocations.
4. Senate Bill 887 – Consumer Affairs.

Mr. Hemphill provided an update on legislation that the CBA had taken a position on or previously acted upon. There was no action take on the legislation.

H. Discussion and Review of the California Board of Accountancy 2024 Sunset Review Report.

Ms. Pearce provided an overview of the draft CBA 2024 Sunset Review Report, which included responses to the two new questions noted during the July CBA meeting.

I. Department of Consumer Affairs Director's Report on Departmental Activities.

Ms. Dorantes provided a report on departmental activities, which included topics on DCA's Diversity, Equity, and Inclusion Steering Committee's quarterly meeting, the Enlighten Enforcement Project, training, the lifting of the out-of-state travel ban, and press release translations.

VI. Report of the Vice President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

It was moved by Ms. Hinds and seconded by Mr. Savoy to appoint Jeffrey De Lyser, CPA, to the Enforcement Advisory Committee.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

- B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee.**

It was moved by Ms. Corrigan and seconded by Mr. Jacobson to reappoint Michael Williams, CPA, to the QC.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.**

It was moved by Ms. Hinds and seconded by Ms. Ward to reappoint Fausto Hinojosa, CPA, and Jeffrey De Lyser, CPA, to the PROC.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

VII. Report of the Secretary/Treasurer.

There was no report on this agenda item.

VIII. Report of the Executive Officer.

A. Report of the Administration Division.

Ms. Pearce provided an overview of this item.

B. Update on the California Board of Accountancy's Communications and Outreach.

Mr. Hemphill provided an overview of this item.

IX. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

There was no report on this agenda item.

B. Qualifications Committee.

1. Approval of the 2024 Qualifications Committee Meeting Dates.

It was moved by Ms. Latta and seconded by Ms. Corrigan to approve the 2024 QC meeting dates.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

C. Peer Review Oversight Committee.

1. Report of the August 11, 2023 Peer Review Oversight Committee Meeting.

Ms. Ross reported PROC members engaged in several oversight activities since its May meeting.

Ms. Ross stated PROC members attended eight Report Acceptance Body meetings. She noted PROC members reviewed two Out-of-State administering entities: the Missouri Society of CPAs and New England Peer Review, Inc. It was determined they both complied with the administrative procedures and standards in all material respects as established by the CBA.

Ms. Ross reported the PROC also discussed the Consideration of the Certified Public Accountant Experience Requirements Taskforce Findings and Recommendations, and the Students Understanding the Requirements for a Certified Public Accountant or SURE CPA Project and provided staff with feedback.

2. Approval of the 2024 Peer Review Oversight Committee Meeting Dates.

It was moved by Ms. Hinds and seconded by Ms. Latta to approve the 2024 PROC meeting dates.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

X. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Ms. O'Connor provided an overview of this item.

XI. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Huddy provided an overview of this item.

B. Report on Long-Term Licensing Data Trends.

Ms. Huddy provided an overview of this item. She noted the purpose of this item was to provide the CBA with a report on long term licensing data trends that may be useful when considering the pipeline of future California CPAs.

XII. Regulations.

A. Discussion and Possible Action to Amend Proposed Regulatory Text and Adopt California Code of Regulations, Title 16, Section 54.3 – Sale or Transfer of Licensee’s Practice and Section 54.4 – Discontinuance of Licensee’s Practice.

Ms. O’Connor reported the purpose of this item was to provide the CBA an opportunity to:

- Approve modifications to the proposed regulatory text in California Code of Regulations (CCR), title 16, sections 54.3 and 54.4.
- Approve the staff-recommended response to any written comments the CBA receives during the 15-day comment period that are not specifically directed at the most recent modifications to the proposed regulations.
- Adopt the proposed modified regulatory text in CCR, title 16, sections 54.3 and 54.4 should no comments be received related to the proposed modified text.

Mr. Jacobson inquired what “not subject to” meant in section 54.3(c) of the proposed text and requested staff to provide clarity within the proposed text.

Mr. Franzella stated not every client, or the entire book of business might be sold as part of a particular transaction so those clients would not be subject to the sale or transfer of the firm.

Mr. Jacobson stated that is not clear and believed it still needed be clarified within the proposed text.

Ms. Salazar requested staff provide clarification regarding the sale or transfer of a licensee’s practice on the CBA website and through social media.

It was moved by Ms. Hinds and seconded by Ms. Ward to:

- **Approve the modifications to the proposed regulatory text in CCR, title 16, sections 54.3 and 54.4.**
- **Direct staff to notice the modified text as discussed today for a 15-day public comment period.**
- **Approve the staff-recommended responses to any written comments the CBA receives during the 15-day comment period that are not specifically directed at the most recent modifications to the proposed regulations.**

- Direct staff to take all steps necessary to complete the rulemaking process, including submitting to the Director of the Department of Consumer Affairs, the Business, Consumer Services, and Housing Agency, and Office of Administrative Law.
- If, during the 15-day public comment period, no timely, relevant, adverse comments are received that are specifically directed at the most recent modifications, authorize the Executive Officer to take all steps necessary to complete the rulemaking, make any non-substantive changes to the package, and adopt the proposed modified regulatory text in CCR, title 16, sections 54.3 and 54.4.

Yes: Ms. Corrigan, Ms. Hinds, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: Mr. Jacobson.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

It was moved by Mr. Jacobson to direct staff to follow up on the issues regarding the phrasing within section 54.3(b) of the proposed regulatory text regarding “not subject to.” There was no second for the motion.

The motion failed.

XIII. Meeting Minutes.

A. Adoption of the July 27-28, 2023 California Board of Accountancy Meeting Minutes.

It was moved by Ms. Hinds and seconded by Ms. Corrigan to adopt the minutes of the July 27-28, 2023 CBA meeting, which included non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: Ms. Latta.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

B. Acceptance of the July 27, 2022 Qualifications Committee Meeting Minutes.

It was moved by Ms. Ward and seconded by Mr. Jacobson to accept the minutes of the July 27, 2022 QC meeting, which included non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

C. Acceptance of the May 12, 2023 Peer Review Oversight Committee Meeting Minutes.

It was moved by Ms. Hinds and seconded by Ms. Ward to accept the minutes of the May 12, 2023 PROC meeting, which included non-substantive edits that were noted after the minutes were received.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

XIV. Other Business.

A. American Institute of Certified Public Accountants.

1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

a. Board of Examiners.

Ms. Salazar reported the Board of Examiners met virtually on August 24, 2023 and discussed candidate testing and the pipeline.

Ms. Hinds inquired if there were trends regarding the Uniform Certified Public Accountant Examination (CPA Exam) in other jurisdictions that the CBA should be aware of.

Ms. Salazar stated the American Institute of Certified Public Accountants (AICPA) statistics are not state specific and include exam statistics for California as well as nationally.

b. State Board Committee.

There was no report on this agenda item.

B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Director-at-Large.

Ms. Salazar noted CBA members should have received an invitation to a webinar regarding the Credit Relief Initiative.

2. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

Ms. Corrigan reported on August 14, 2023 she virtually attended the Guam Board of Accountancy meeting in which general topics were discussed.

Ms. Corrigan stated she participated in a meeting at California State Polytechnic University, Pomona (Cal Poly Pomona) on August 25. She noted NASBA's Center for the Public Trust's (CPT) President Alfonzo Alexander also attended the meeting and discussed the establishment of a CPT Student Chapter at Cal Poly Pomona to be effective in the spring of 2024.

Ms. Corrigan attended all the regions Zoom meetings, including the Pacific Regional Director's meeting on August 28, in which she conducted. Various topics included the rewriting of legislation or regulations to be consistent with NASBA, issues with testing centers, the SURE CPA Project, and the importance of outreach events and holding meetings on college campuses.

Ms. Corrigan noted the NASBA Annual Meeting would be held October 29-November 1, 2023 in New York City, the Executive Director and Legal

Conference would be held March 25-27, 2024 in Nashville, and the Eastern and Western Regional meetings would be held in June 2024.

3. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

a. Education Committee.

Ms. Corrigan reported the Education Committee discussed the Experience Learn and Earn (ELE) program, which was a pilot program, and would launch at Tulane university in January 2024. She noted as a part of the launch of ELE, an exposure draft would be released for consideration by colleges and universities that might also want to participate in the ELE program. She noted prior to the release, the newly established working group, which included Education Committee for NASBA and the Education Committee for AICPA, along with state society executive directors, would be reviewing the exposure draft and providing comments.

b. Relations With Member Boards Committee.

Ms. Corrigan reported there will be an upcoming meeting to develop questions for the NASBA board leaders.

c. Communications Committee.

There was no report on this agenda item.

d. Diversity Committee.

There was no report on this agenda item.

e. Nominating Committee.

There was no report on this agenda item.

4. Discussion and Approval of Staff Responses to the National Association of State Boards of Accountancy's Focus Questions.

Ms. Reed reported the purpose of this agenda item was to provide the CBA with the proposed staff responses to the NASBA focus questions.

President Salazar requested staff included information regarding information regarding CPA Evolution provided at outreach events.

Ms. Latta requested we include information on how the CBA was communicating on the changes and transition of the CPA Evolution and the new CPA Exam.

It was moved by Mr. Savoy and seconded by Mr. Jacobson to approve the proposed responses to the NASBA focus questions, including adding additional information regarding CPA Evolution and the CPA Exam.

Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Latta, Mr. Lin, Ms. Salazar, Mr. Savoy, and Ms. Ward.

No: None.

Abstain: None.

Absent: Mr. Pe, Mr. Rosenbaum, and Ms. Tu.

The motion passed.

XV. Closing Business.

A. Agenda Items for Future California Board of Accountancy Meetings.

There were no items requested for future meetings.

There being no further business to conduct, President Salazar adjourned the meeting at 11:58 a.m. on Friday, September 22, 2023.

Katrina L. Salazar, CPA, President

Joseph Rosenbaum, CPA, Secretary/
Treasurer

Rebecca Reed, Board Relations Analyst, and Dominic Franzella, Executive Officer, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.



California Board of Accountancy
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CPC Item II.
CBA Item XIII.B.
November 16-17, 2023
DRAFT

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
July 27, 2023
COMMITTEE ON PROFESSIONAL CONDUCT MEETING

California Board of Accountancy
2450 Venture Oaks Way, Suite 420
Sacramento, CA 95833
Telephone: (916) 263-3680

Additional Teleconference Location/
Location at Which the Public May Observe or Address the Board
Jacobson & Associates
1352 Irvine Boulevard
First Floor Conference Room
Tustin, CA 92780
Telephone: (714) 505-4872

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Committee on Professional Conduct (CPC) Acting Chair Nancy Corrigan, CPA, called the meeting to order at 9:21 a.m. on Thursday, July 27, 2023. The CPC held the meeting in-person and provided public participation via WebEx.

Acting Chair Corrigan read the following into the record:

The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

Acting Chair Corrigan announced that Ms. Salazar had been temporarily appointed to the CPC for this meeting.

CPC Members

Kristian Latta, CPA, Chair
Nancy J. Corrigan, CPA
Karriann Farrell Hinds, Esq.
Dan Jacobson, Esq.
Ariel Pe
Katrina L. Salazar, CPA
Michael M. Savoy, CPA

July 27, 2023

Absent
9:21 a.m. to 9:48 a.m.
9:23 a.m. to 9:48 a.m.
9:21 a.m. to 9:48 a.m.
Absent
9:21 a.m. to 9:48 a.m.
9:21 a.m. to 9:48 a.m.

CBA Members Observing

Yen Tu, Vice President
Joseph Rosenbaum, CPA, Secretary/Treasurer
Tong "Tony" Lin
Evangeline Ward

CBA Committee Chairs and Members Observing

Michael L. Williams, CPA, Chair, Qualifications Committee
Laura L. Ross, CPA, Chair, Peer Review Oversight Committee

Staff and Legal Counsel

Dominic Franzella, Acting Executive Officer
Deanne Pearce, Assistant Executive Officer
Mari Basco-Lorens, Enforcement Analyst
Sarah Benedict, Manager, License Renewal and Continuing Competency Unit
Judie Bucciarelli, Staff Services Manager I Specialist, Board and Bureau Relations,
Department of Consumer Affairs (DCA)
Michelle Center, Chief, Licensing Division
Elizabeth Coronel, Strategic Business Analyst, DCA
Theodore Drcar, Deputy Attorney General, Department of Justice
Emmanuel Estacio, Information Technology Support Analyst
Andrew Finkel, Information and Planning Analyst
Helen Geoffroy, Legal Counsel, DCA
Jennifer Huddy, Initial Licensing Unit Manager
Amir Larian, Website Analyst
Michelle Main, Manager, Enforcement Division
Alex Millington, Attorney III, Regulations Unit, Legal Affairs Division, DCA
Kari O'Connor, Deputy Chief, Enforcement Division
Cheri Oakman, Special Projects Analyst
Eulalio Ortega, Manager, Examination Unit
Bryce Penney, Television Specialist, Office of Public Affairs, DCA
Katrina Pierce, Executive Assistant
Rebecca Reed, Board Relations Analyst
Peter Renevitz, Legislative Analyst
Jacob Sudia, Information and Planning Specialist

Other Participants

Jason Fox, Vice President of Government Relations, California Society of Certified Public Accountants (CalCPA)
Pat Joyce, The Accountant's Coalition
Rich Simitian, CalCPA

I. Public Comments for Items not on the Agenda.

No public comments were received.

II. Approve Minutes of the May 18, 2023 Committee on Professional Conduct Meeting.

It was moved by Mr. Savoy and seconded by Ms. Salazar to adopt the minutes of the May 18, 2023 CPC meeting.

Yes: Ms. Corrigan, Mr. Jacobson, Mr. Savoy and Ms. Salazar

No: None

Abstain: Ms. Hinds

Absent: Ms. Latta and Mr. Pe

The motion passed.

III. Discussion on the California Board of Accountancy's Selection of Peer Review Administrative Site Visit Attendees (**Michelle Center, Licensing Division Chief**).

Staff provided the CBA with an update on the selection of peer review oversight attendees at the Peer Review Oversight Committee's annual Administrative Site Visit, or ASV, to California's administering entity, CalCPA.

At its January 2023 meeting, the CBA reviewed and discussed the Peer Review Oversight Committee's inability to perform their annual ASV to CalCPA due to the American Institute of CPA's (AICPA) assertion that their confidentiality policy prohibits staff from observing the ASV.

Given the concern AICPA expressed regarding staff participation, staff consulted with legal counsel regarding any differences between staff and PROC committee members that might be pertinent. It was found that both staff and PROC committee members are representatives of the CBA and have the same rights to information access used for oversight and the same restriction from public disclosure.

Staff have proposed a temporary procedure for conducting the 2023 ASV that will also serve to provide useful information toward a long-term plan:

- For 2023, CalCPA will randomly select approximately 30 firms that fill certain characteristics related to their type of peer review (system vs engagement) and peer review rating for use during the 2023 ASV.
- Once this random sample has been selected, CalCPA will contact the firms to obtain permission for CBA staff to access their peer review-related data and documents as part of the 2023 ASV.
- During the ASV, attendees will also review each step of the ASV Summary Checklist and discuss what information or evidence is sufficient for the PROC to consider the step complete.
- The CBA shared this proposal with CalCPA for presentation to and consideration by the AICPA.

Jason Fox and Rich Simitian of CalCPA spoke to CBA's progress on this issue and the path moving forward.

Staff will continue to work with CalCPA to conduct the 2023 ASV and will provide an update at the CBA's September 2023 meeting.

The CPC took no action on this item.

IV. Agenda Items for Future CPC Meetings.

None

There being no further business to be conducted, Acting Chair Corrigan adjourned the meeting at 9:48 a.m. on Thursday, July 27, 2023.



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**EPOC Item II.
 CBA Item XIII.C.
 November 16-17, 2023
 DRAFT**

**DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE
 July 27, 2023
 ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE**

California Board of Accountancy
 2450 Venture Oaks Way, Suite 420
 Sacramento, CA 95833
 Telephone: (916) 263-3680

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Enforcement Program Oversight Committee (EPOC) Chair, Yen Tu, called the meeting to order at 9:54 a.m. on Thursday, July 27, 2023. The EPOC held the meeting in person and provided public participation via WebEx.

Chair Tu read the following into the record:

The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

EPOC Members

Yen C. Tu, Chair	9:54 a.m. to 10:09 a.m.
Karriann Farrell Hinds, Esq.	9:54 a.m. to 10:09 a.m.
Ariel Pe	Absent
Joseph Rosenbaum, CPA	9:54 a.m. to 10:09 a.m.
Michael M. Savoy, CPA	9:54 a.m. to 10:09 a.m.
Evangeline Ward	9:54 a.m. to 10:09 a.m.

CBA Members Observing

Katrina L. Salazar, CPA, President

Nancy J. Corrigan, CPA

Dan Jacobson, Esq.

Tony Lin

CBA Committee Chairs and Members Observing

Michael L. Williams, CPA, Chair, Qualifications Committee

Staff and Legal Counsel

Dominic Franzella, Acting Executive Officer

Deanne Pearce, Assistant Executive Officer

Sarah Benedict, Manager, License Renewal and Continuing Competency Unit

Judie Bucciarelli, Staff Services Manager I, Specialist, Board and Bureau Relations,
Department of Consumer Affairs (DCA)

Michelle Center, Chief, Licensing Division

Elizabeth Coronel, Strategic Business Analyst, DCA

Theodore S. Dracar, Deputy Attorney General, Department of Justice

Emmanuel Estacio, Information Technology Support Analyst

Andrew Finkel, Information Specialist

Helen Geoffroy, Legal Counsel, DCA

Jennifer Huddy, Manager, Initial Licensing Unit

Amir Larian, Website Analyst

Michelle Main, Manager, Enforcement

Alex Millington, Attorney III, Regulations Unit, Legal Affairs Division, DCA

Cheri Oakman, Special Projects Analyst

Kari O'Connor, Deputy Chief, Enforcement

Eulalio Ortega, Manager, Examination Unit

Bryce Penney, Television Specialist, Office of Public Affairs, DCA

Katrina Pierce, Executive Assistant

Rebecca Reed, Board Relations Analyst

Peter Renevitz, Legislation Analyst

Jacob Sudia, Information Specialist

Other Participants

Jason Fox, Vice President of Government Relations, California Society of CPAs
(CalCPA)

Pat Joyce, The Accountants Coalition

I. Public Comments for Items not on the Agenda.

No public comments were received.

II. Approve Minutes of the January 27, 2023 Enforcement Program Oversight
Committee Meeting.

It was moved by Mr. Rosenbaum and seconded by Mr. Savoy to approve the minutes of the January 27, 2023 Enforcement Program Oversight Committee Meeting.

Yes: Ms. Hinds, Mr. Rosenbaum, Mr. Savoy, Ms. Tu, Ms. Ward.

No: None.

Absent: Mr. Pe.

The motion passed.

- III. Discussion and Possible Action to Initiate a Rulemaking to Amend California Code of Regulations, Title 16, Section 98, Disciplinary Guidelines and Model Orders (**Michelle Main, Enforcement Manager**).

Ms. Main presented an overview of proposed amendments to California Code of Regulations (CCR), title 16, section 98 and revisions to the CBA Disciplinary Guidelines and Model Orders (Disciplinary Guidelines).

It was moved by Mr. Rosenbaum and seconded by Ms. Hinds to:

- **Approve the proposed regulatory language to CCR, title 16, section 98,**
- **Approve the revisions to the Disciplinary Guidelines,**
- **Direct staff to submit the proposed changes to the Director of the Department of Consumer Affairs for review; and**
- **If no adverse comments are received, authorize the Executive Officer to take all steps necessary to initiate the rulemaking process, make any non-substantive changes to the package, and set the matter for hearing, if one is requested.**
- **If no request for hearing is made and no adverse comments are received during the 45-day comment period, authorize the Executive Officer to take all steps necessary to complete the rulemaking to adopt the language for CCR, title 16, section 98.**

Yes: Ms. Hinds, Mr. Rosenbaum, Mr. Savoy, Ms. Tu, Ms. Ward.

No: None.

Absent: Mr. Pe.

The motion passed.

- IV. Discussion and Possible Action to Initiate a Rulemaking to Add California Code of Regulations, Title 16, Section 99.3, Reinstatement of Surrendered Licenses via Written Record (**Kari O'Connor, Deputy Chief, Enforcement**).

Ms. O'Connor presented proposed regulatory text to add section 99.3 to California Code of Regulations (CCR), title 16, describing the procedure for reinstating surrendered licenses not resulting from an enforcement matter.

It was moved by Mr. Savoy and seconded by Ms. Hinds to:

- **Approve the proposed language for CCR, title 16, section 99.3,**
- **Direct staff to submit the text to the Director of the Department of Consumer Affairs for review; and**
- **If no adverse comments are received, authorize the Executive Officer to take all steps necessary to initiate the rulemaking process, make any non-substantive changes to the package, and set the matter for hearing if one is requested.**
- **If no adverse comments are received during the 45-day comment period and no hearing is requested, authorize the Executive Officer to take all steps necessary to complete the rulemaking to adopt the proposed language for CCR, title 16, section 99.3, as noticed.**

Yes: Ms. Hinds, Mr. Rosenbaum, Mr. Savoy, Ms. Tu., Ms. Ward.

No: None.

Absent: Mr. Pe.

The motion passed.

V. Agenda Items for Next Meeting.

No agenda items were discussed.

Adjournment

There being no further business to be conducted, Chair Tu adjourned the meeting at 10:09 a.m.



California Board of Accountancy
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CBA Item XIII.D.
 November 16-17, 2023

**DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE
 July 13, 2023
 ENFORCEMENT ADVISORY COMMITTEE**

California Board of Accountancy
 2450 Venture Oaks Way, Suite 420
 Sacramento, CA 95833
 Telephone: (916) 263-3680

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Douglas Aguilera, CPA, Chair, called to order the regularly scheduled meeting of the California Board of Accountancy (CBA) Enforcement Advisory Committee (EAC) at 9:04 a.m. on July 13, 2023. The EAC held the meeting in-person and provided public participation via WebEx.

Mr. Aguilera read the following into the record:

The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

Members

Douglas Aguilera, CPA, Chair	9:04 a.m. – 3:06 p.m.
Kathy A. Johnson, CPA, Vice Chair	9:04 a.m. – 3:06 p.m.
Alan Gittelson, CPA	9:04 a.m. – 3:06 p.m.
Jackson Johnson, CPA	9:04 a.m. – 3:06 p.m.
Michael Johnson, CPA	9:04 a.m. – 3:06 p.m.
David Kral, CPA	Absent
Nasi Raissian, CPA	9:04 a.m. – 3:06 p.m.
Jason Russell, CPA	9:04 a.m. – 3:06 p.m.
Jim Songey, CPA	Absent
Chris Tegtmeyer, CPA	Absent
Jennifer Ziegler, CPA	Absent

CBA Member
Tong "Tony" Lin

Staff and Legal Counsel

Elizabeth Coronel, Strategic Business Analyst, Department of Consumer Affairs (DCA)
Theodore S. Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)
Emmanuel Estacio, Information Technology Support Analyst
Dominic Franzella, Acting Executive Officer
Malcolm Mitchell, Enforcement Manager
Kari O'Connor, Deputy Enforcement Chief
Tyler Wipfli, Enforcement Analyst

I. Public Comments for Items not on the Agenda.

There were no comments received for this agenda item.

II. Report of the Committee Chair (Doug Aguilera, CPA, Chair).

A. Approval of the May 4, 2023 Enforcement Advisory Committee Meeting Minutes.

It was moved by Ms. Raissian and seconded by Mr. Gittelson to approve the minutes of the May 4, 2023 EAC meeting.

Yes: Mr. Gittelson, Ms. Johnson, Mr. M Johnson, Ms. Raissian, Mr. Russell.

No: None.

Abstain: Mr. Aguilera and Mr. J Johnson.

Absent: Mr. Kral, Mr. Songey, Mr. Tegtmeyer, Ms. Ziegler.

The motion passed.

B. Discussion and Possible Action to Amend the October 3, 2024 Enforcement Advisory Committee Meeting Date.

It was moved by Mr. Russell and seconded by Mr. Gittelson to amend the October 3, 2024 EAC Meeting Date.

Yes: Mr. Aguilera, Mr. Gittelson, Mr. J Johnson, Ms. Johnson, Mr. M Johnson, Ms. Raissian, Mr. Russell.

No: None.

Abstain: None.

Absent: Mr. Kral, Mr. Songey, Mr. Tegtmeyer, Ms. Ziegler.

III. Report of the California Board of Accountancy Liaison (**Tony Lin**)

A. Report on the May 18, 2023 California Board of Accountancy Meeting.

Mr. Lin provided updates for the last CBA meeting. He reported on various topics including:

- A discussion of an Exposure Draft issued by the National Association of State Boards of Accountancy regarding conditional credits earned for the Uniform CPA Examination.
- The peer review program and some challenges the CBA has experienced.
- The CBA rescinded its prior approval of the fee language adopted at the January meeting and approved revised language that would implement a two-step license renewal fee increase approach.
- The CBA reviewed proposed legislation and took a support position on Senate Bill (SB) 544, which would amend the Bagley-Keene Open Meeting Act related to how a state body conducts a meeting by teleconference.

IV. Report of the Enforcement Chief (**Kari O'Connor, Deputy Enforcement Chief**).

A. Enforcement Activity Report.

Ms. O'Connor provided an overview of this item.

V. Conduct Closed Hearings

VI. Adjournment.

The established subcommittees convened for investigative hearings from 10:00 a.m. to 3:05 p.m. The EAC general meeting reconvened as a quorum to vote on recommendations from the subcommittees at 3:05 p.m.

Having no further business to conduct, the EAC meeting open session adjourned at approximately 3:06 p.m.

Douglas Aguilera, CPA, Chair
Enforcement Advisory Committee

Prepared by: Tyler Wipfli, Enforcement Analyst



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CBA Item XIII.E.
November 16-17, 2023

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

MINUTES OF THE
July 26, 2023
QUALIFICATIONS COMMITTEE

California Board of Accountancy
2450 Venture Oaks Way, Suite 420
Sacramento, CA 95833
Telephone: (916) 263-3680

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Michael Williams, CPA, Qualifications Committee (QC) Chair, called to order the regularly scheduled meeting of the California Board of Accountancy (CBA) QC at 10:01 a.m. on July 26, 2023 at the CBA in Sacramento.

Chair Williams read the following into the record:

The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

Members

Michael L. Williams, CPA, Chair
Timothy T. Jones, CPA, Vice-Chair
Renard "Renny" Chao, CPA

July 26, 2023

10:01 a.m. – 12:11 p.m.
10:01 a.m. – 12:11 p.m.
10:01 a.m. – 12:11 p.m.

Members

Brad Holsworth, CPA
Anthony Gonzales II, CPA
Jeffrey Moline, CPA
Angela Honzik, CPA
Hanzhao Meng, CPA

July 26, 2023

Absent
10:01 a.m. – 12:11 p.m.
10:01 a.m. – 12:11 p.m.
10:01 a.m. – 12:11 p.m.
10:01 a.m. – 12:11 p.m.

CBA Member

Nancy J. Corrigan, CPA

CBA Staff and Other Participants

Michelle Center, Licensing Chief
David Bouilly, Department of Consumer Affairs (DCA)
Emmanuel Estacio, Information Technology Support Analyst
Jennifer Huddy, Initial Licensing Unit Manager
Sarah Benedict, Renewal and Continuing Competency Manager
Melissa Cardenas, Licensing Coordinator

I. Public Comments for Items Not on the Agenda.

No public comments were received.

II. Report of the Committee Chair (**Michael L. Williams, CPA**).

A. Approval of the July 27, 2022, Qualifications Committee Meeting Minutes.

It was moved by Timothy T. Jones and seconded by Angela Honzik to approve the minutes of the July 27, 2022 QC Meeting.

No public comments were received.

Yes: Michael L. Williams, Timothy T. Jones, Renny Chao, Angela Honzik, Hanzhao Meng, Jeffrey Moline.

No: None.

Abstain: Anthony Gonzales.

The motion passed.

B. Report on the Consideration of the CPA Experience Requirements Taskforce (CERT) Findings and Recommendations. (**Michael L. Williams, CPA**)

No public comments were received.

C. Discussion and Approval of Proposed 2024 Qualifications Committee Meeting Dates. **(Michael L. Williams, CPA)**

It was moved by Timothy T. Jones and seconded by Renny Chao to approve the proposed 2024 QC meeting dates.

No public comments were received.

Yes: Renny Chao, Angela Honzik, Timothy T. Jones, Hanzhao Meng, Anthony Gonzales, Jeffrey Moline, and Michael L. Williams.

No: None.

Abstain: None.

The motion passed.

III. Report of the California Board of Accountancy (CBA) Liaison **(Nancy J. Corrigan, CPA)**.

A. Report on the March 23-24, 2023 and May 18, 2023 CBA meetings.

CBA Member, Nancy J. Corrigan, provided an update to the QC members.

Member Corrigan noted the CBA will hold its next meeting in Sacramento tomorrow, July 27, 2023.

No public comments were received.

IV. Report on Activities for the Initial Licensing Unit.

A. Licensing Activity Report **(Jennifer Huddy, Manager, Initial Licensing Unit)**.

Jennifer Huddy provided an overview of the Licensing Activity Report covering July 1, 2022 through May 31, 2023.

No public comments were received.

B. Report on Qualifications Committee Subcommittee Meetings **(Jennifer Huddy, Manager, Initial Licensing Unit)**.

Jennifer Huddy summarized the outcomes of the virtual subcommittee meetings on July 27, 2022, October 26, 2022, and January 25, 2023.

No public comments were received.

C. Discussion Regarding the Students Understanding the Requirements for a Certified Public Accountant License Project (SURE CPA), **(Michelle Center, Chief, Licensing Division)**.

Michelle Center provided an overview of the SURE CPA Project Taskforce regarding the education requirements for CPA licensure.

Members engaged in a discussion regarding the education requirements.

No public comments were received.

V. Public Comment for Items Not on the Agenda.

No public comments were received.

VI. Review Licensee Files

[The QC met in closed session to review and deliberate on recently approved licensee files as authorized by Government Code section 11126(c)(2), and Business and Professions Code (BPC) sections 5022 and 5023.]

Adjournment at 10:51 a.m. to reconvene after closed session.

There being no further business to be conducted, the meeting was adjourned at 12:11 p.m. on July 26, 2023. The next meeting of the QC will be held on October 25, 2023.

Michael L. Williams, CPA, Chair
Qualifications Committee

Prepared by: Melissa Cardenas, Licensing Coordinator

NASBA

NEW BEGINNINGS



116TH ANNUAL MEETING

CBA Item XIV.B.3.
November 16-17, 2023

“NEW BEGINNINGS”

AGENDA

(Updated 10/17/2023)

Sunday, October 29, 2023

3:00 - 5:00 p.m.	Registration	Broadway Pre-function – 6 th Floor
4:00 - 5:30 p.m.	CPT Ethics Workshop	Astor Ballroom – 7 th Floor
6:00 - 8:00 p.m.	Welcome Reception	Westside Ballroom – 5 th Floor

Monday, October 30, 2023

7:45 - 8:45 a.m.	Breakfast	Westside Ballroom – 5 th Floor
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9:00 - 10:30 a.m.	Opening Plenary Session	Broadway Ballroom – 6 th Floor
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9:00 - 9:20 a.m.	Call to Order and Introductions Richard N. Reisig, CPA 2022-2023 Chair, NASBA
9:20 - 9:30 a.m.	Welcome to New York Ann Cohen, CPA Chair, New York State Board for Public Accountancy
9:30 - 10:15 a.m.	The Future of the Profession Barry Melancon, CPA President & CEO, Association of International Certified Professional Accountants
10:15 - 10:30 a.m.	A Year in Review: Report from NASBA Chair Richard N. Reisig, CPA 2022-2023 Chair, NASBA
10:30 - 10:45 a.m.	BREAK

Monday, October 30, 2023, continued

10:45 - 11:00 a.m.	The Latest Developments from the AICPA: A Report from the AICPA Chair Okorie Ramsey, CPA, CGMA 2023 - 2024 Chair, AICPA	Broadway Ballroom – 6th Floor
11:00 a.m. - 12:00 p.m.	CPA Evolution & the CPA Exam: Implementation on the Horizon Colleen K. Conrad, CPA Executive Vice President and COO, NASBA Michael A. Decker Vice President – CPA Examination and Pipeline – Public Accounting, AICPA	
12:00 - 1:30 p.m.	Business Luncheon Keynote Presentation Paul Zikopoulos Future Trends Expert VP of Technology Group Skills Vitality & Enablement at IBM	Westside Ballroom – 5th Floor
1:45 – 4:15 p.m.	Afternoon Plenary Session	Broadway Ballroom – 6th Floor
1:45 – 2:45 p.m.	A Case Study in the Ethical Use of AI Today Danielle Supkis Cheek, CPA Vice President of Strategy and Industry Relations, MindBridge	
2:45 – 3:15 p.m.	The UAA – Peer Review Submissions to Boards of Accountancy Nicola Neilon, CPA Director-at-Large, NASBA Viki A. Windfeldt Executive Director, Nevada State Board of Accountancy	
3:15 – 3:30 p.m.	BREAK	Broadway Foyer – 6th Floor
3:30 – 4:00 p.m.	Furthering Pathways Discussions Daniel J. Dustin, CPA Vice President, State Board Relations	Broadway Ballroom – 6th Floor
4:00 – 4:15 p.m.	Relying on the CPA Exam: A Report from the Examination Review Board Ruben Davila, CPA, CFF, ESQ Past Chair, CPA Examination Review Board	
4:15 – 4:30 p.m.	Growth in Ethics and Diversity: A Report from the NASBA Center for the Public Trust Alfonzo Alexander, CPC President, NASBA CPT	
4:30 - 5:30 p.m.	CPT “Cuffed for a Cause” Fundraiser Event	Terrace – 9th Floor

Tuesday, October 31, 2023

8:00 - 9:50 a.m.

Regional Breakfast Meetings

Middle Atlantic Regional Breakout Breakfast
Mountain Regional Breakout Breakfast
Central Regional Breakout Breakfast
Great Lakes Regional Breakout Breakfast
Northeast Regional Breakout Breakfast
Pacific Regional Breakout Breakfast
Southeast Regional Breakout Breakfast
Southwest Regional Breakout Breakfast

Ziegfeld – 4th Floor
O’neill – 4th Floor
Belasco – 5th Floor
Odets – 5th Floor
Broadhurst – 5th Floor
Julliard – 5th Floor
Edison – 5th Floor
Barrymore – 9th Floor

8:00 - 9:50 a.m.

Breakfast for Other Attendees

Carnegie – 5th Floor

10:00 am - 12:00 p.m.

Morning Plenary Session

Broadway Ballroom – 6th Floor

10:00 - 11:15 a.m.

Annual Business Meeting

Minutes of the 115th Annual Meeting
Nicola Neilon, CPA, Secretary

NASBA Awards

A. Carlos Barrera, CPA, Awards Committee Chair
Lorraine P. Sachs, NASBA Executive Vice President Emerita

Election of NASBA Board Members

W. Michael Fritz, CPA, Nominating Committee Chair

11:15 a.m. - 12:00 p.m.

The State of NASBA

Ken L. Bishop
President and CEO, NASBA

12:00 - 12:15 p.m.

First Meeting of 2023-24 NASBA Board of Directors

Julliard Complex – 5th Floor

12:00 - 1:00 p.m.

Attendee Luncheon

Westside Ballroom – 5th Floor

1:00 - 4:00 p.m.

Afternoon Plenary Session

Broadway Ballroom – 6th Floor

1:15 - 2:15 p.m.

Inaugural Presentations

Acknowledgements & Gratitude
Richard N. Reisig, CPA, 2022-23 Chair

Inaugural Address

Stephanie M. Saunders, CPA, 2023-24 Chair

2:15 – 2:45 p.m.

Diversifying the Accounting Talent Pipeline

Liz Barentzen, ESQ
VP, Operations and Talent Initiatives,
Center for Audit Quality

2:45 – 3:00 p.m.

BREAK

Broadway Foyer – 6th Floor

Tuesday, October 31, 2023, continued

3:00 - 3:30 p.m.	Addressing the CPA Talent Shortage Susan Coffey CEO Public Accounting, AICPA	Broadway Ballroom – 6th Floor
3:30 - 4:00 p.m.	Board Structure and Public Protection: What You Need to Know John W. Johnson Director, Legislative and Governmental Affairs, NASBA	
4:00 p.m.	RECESS	Broadway Ballroom – 6th Floor
6:30 p.m.	CELEBRATION	Broadway Ballroom – 6th Floor

Wednesday, November 1, 2023

8:00 - 9:15 a.m.	State Board President & Chair Breakfast Meeting Moderator: Stephanie M. Saunders, CPA 2023-2024 Chair, NASBA	Ziegfeld – 4th Floor
8:00 - 9:15 a.m.	Executive Director & State Board Staff Breakfast Meeting Moderator: D. Boyd Busby, CPA, CGMA 2023-2024 Executive Directors Committee Chair, NASBA	Odets – 4th Floor
8:00 - 9:15 a.m.	Breakfast	Majestic Complex – 6th Floor
9:30 - 11:35 a.m.	Morning Plenary Session	Broadway Ballroom – 6th Floor
9:30 - 10:00 a.m.	The Latest Developments from the SEC Ryan Wolfe, CPA Chief Accountant – Division of Enforcement, US Securities & Exchange Commission	
10:00 - 10:30 a.m.	NASBA Education Research Grant Recipients: A Report on Their Findings Moderator: Daniel J. Dustin, CPA Vice President, State Board Relations Ryan Cahalan, JD, LL.M. Central Washington University Tristan B. Johnson, CPA University of South Alabama	
10:30 – 11:15 a.m.	The Latest on NASBA Diversity Initiatives Alfonzo Alexander, CPC Chief Ethics & Diversity Officer, NASBA Marie Zara Director of Advancement, The PhD Project	

Wednesday, November 1, 2023 continued

11:15 - 11:25 a.m.	Questions for NASBA Leadership Stephanie M. Saunders, CPA, and Ken L. Bishop	Broadway Ballroom – 6 th Floor
11:25 - 11:35 a.m.	Closing Remarks on the 2023 Annual Meeting Stephanie M. Saunders, CPA	
11:35 - 11:45 a.m.	Final Recap	
11:45 a.m.	ADJOURN	



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EPOC Item III.
CBA Item XV.A.2.
November 16-17, 2023

Discussion and Possible Action Regarding Information Provided to Individuals Petitioning for Reinstatement of a CPA Certificate or Reduction of Penalty Pursuant to Business and Professions Code Section 5115

Presented by: Kari O'Connor, Deputy Chief, Enforcement Division

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an opportunity to review and make necessary modifications to information regarding the petition process for individuals who petition for reinstatement of a CPA certificate or reduction of penalty pursuant to Business and Professions Code (BPC) section 5115 (**Attachment 1**).

Consumer Protection Objectives

Consumer protection is enhanced by ensuring CBA members and individuals who petition the CBA for reinstatement of certificate or reduction of penalty pursuant to BPC section 5115 are provided with sufficient information regarding rehabilitation criteria and other important information pertaining to petitions. When submitted, this information assists the CBA with assessing the individual's fitness to safely provide accounting services.

Action(s) Needed

It is requested that the CBA approve the edits to the California Board of Accountancy Petition Hearings Manual (Petition Hearings Manual) (**Attachment 2**). Staff welcome any additional input from CBA members regarding suggested updates to the information.

Background

BPC section 5115 permits individuals who have had a license revoked, surrendered, or disciplined with probation or suspension, to petition the CBA for reinstatement of certificate or reduction of penalty. Individuals may petition the CBA no sooner than one year from the effective date of the CBA's decision and order of discipline.

As provided for by BPC section 5115, the CBA notifies the Office of the Attorney General (AG's Office) upon receipt of a petition. Both the petitioner and AG's Office are

Discussion and Possible Action Regarding Information Provided to Individuals Petitioning for Reinstatement of a CPA Certificate or Reduction of Penalty Pursuant to Business and Professions Code Section 5115

Page 2 of 3

provided with an opportunity to provide oral or written argument before the CBA.

The CBA conducts petition hearings at its regularly scheduled meetings. In addition to sending a notification to the AG's Office, the CBA places a request to the Office of Administrative Hearings for assignment of an Administrative Law Judge to preside at the hearing and to secure a court reporter to take official record of the hearing.

There are two types of petitions:

1. Reduction of Penalty, which includes petitions to reduce or eliminate a term/condition of probation or to terminate probation, or both may be considered for an individual/firm.
2. Reinstatement of Certificate, which includes petitions to reinstate a license that has been revoked/surrendered, or to remove a permanently restricted area of practice placed on a license, or both may be considered for an individual/firm.

If a petitioner is on probation and has a permanent restriction application to the license, the petitioner may petition for both a reduction of penalty and reinstatement of certificate for an individual/firm.

Prior to each CBA meeting, members receive a copy of the CBA's Disciplinary Guidelines and Model Orders 10th Edition, 2019 (CBA Disciplinary Guidelines) (**Attachment 3**) and the Petition Hearings Manual. Additionally, staff provide the Petition Hearings Manual to all individuals when they request a Petition Form (**Attachment 4**). The Petition Hearings Manual provides information on the overall petition hearing process, the role of the CBA, information on burden of proof, and references of prior petition hearings.

Comments

To ensure that CBA members are provided with sufficient information to assess a Petitioner's request, staff conduct an annual review of the information provided to petitioners, such as the Petition Form and Petition Hearings Manual.

Upon review, staff recommend that the Petition Form remain as is, with no updates needed. Staff have identified and recommend the following revisions to the Petition Hearings Manual:

- The deletion of the paragraph (page 1, paragraph 5) which identifies the manuals Members receive for each CBA meeting, including the Disciplinary Guidelines, the Petition Hearings Manual, and the Enforcement Handbook.
- Update to the section, "Examples of Petition Hearings – Webcast" on page 4 to include petition hearings from 2023.

**Discussion and Possible Action Regarding Information Provided to Individuals
Petitioning for Reinstatement of a CPA Certificate or Reduction of Penalty
Pursuant to Business and Professions Code Section 5115**

Page 3 of 3

- The deletion of the section on page 5, titled “Best Practices for Conducting a Virtual Petition Hearing.”

Staff have also identified several non-substantive grammar and formatting changes, which are identified in strikethrough and underline throughout the document.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff recommend the CBA approve the revised Petition Hearings Manual.

Attachments

1. Business and Professions Code section 5115
2. California Board of Accountancy Petition Hearings Manual
3. CBA Disciplinary Guidelines and Model Orders, 10th Edition, 2019
4. Petition Form



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Attachment 1

Business and Professions Code Section 5115

(a) A person whose license has been revoked or surrendered may petition the board for reinstatement or reduction of penalty after a period of not less than one year has elapsed from the effective date of the decision or from the date of the denial of a similar petition, unless a longer period, not to exceed three years, is specified by the board in any decision revoking the license, accepting the surrender of the license, or denying reinstatement of the license.

(b) A person whose license has not been revoked or surrendered but who has been disciplined by imposition of a suspension or otherwise disciplined may petition the board for reinstatement or reduction of penalty after a period of not less than one year has elapsed from the effective date of the decision.

(c) The board shall give notice to the Attorney General of the filing of the petition and the Attorney General and the petitioner shall be afforded an opportunity to present either oral or written argument before the board itself. The board itself shall rule on the petition, and the decision shall include the reasons therefor and any terms and conditions that the board reasonably deems appropriate to impose as a condition of reinstatement or reduction of penalty, including, but not limited to, restrictions on the petitioner's scope of professional practice.

(Added by Stats. 2003, Ch. 807, Sec. 13. Effective January 1, 2004.)



CALIFORNIA BOARD OF ACCOUNTANCY

PETITION HEARINGS

Attachment 2



November 2023

DISCLAIMER

The information provided in this document is for the purpose of providing a general overview of the enforcement process. It is not prepared to cover all topics or issues. Further, the document does not supersede any statutes, regulation, or case law; and if there is a conflict, statute, regulation, or case law is controlling. Further, this does not override legal advice by CBA Legal Counsel or Attorney General's Office, as each case is unique.

November 2023

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THE PETITION PROCESS

Business and Professions Code (BPC) section 5115 allows a licensee to seek reinstatement of their license (because of revocation or surrender) or a reduction of penalty (licensees on probation). A Petition for Reduction of Penalty allows the petitioning licensee to request that certain terms of probation be reduced or removed, or that probation be terminated in its entirety.

The petition process begins when a licensee (Petitioner) files a Petition for Reinstatement or a Petition for Reduction of Penalty. The Petitioner may petition the California Board of Accountancy (CBA) for reinstatement or reduction of penalty after a period of one year from the effective date of the disciplinary decision or from the date of the denial of a similar petition. However, the CBA may specify a longer waiting period (maximum of three years) in any decision revoking a license, accepting the surrender of a license, or denying reinstatement of a license.

Staff provide notice to the Attorney General's Office of the filing of the petition. The Office of Administrative Hearings is also notified of the filing so that an Administrative Law Judge (ALJ) and a court reporter can be assigned. Both the Attorney General's Office and Petitioner are given an opportunity to present oral or written argument before the CBA. Written arguments are typically submitted prior to the hearing itself and distributed to CBA members.

Petition hearings occur at CBA meetings, before the CBA with an ALJ and court reporter present. The ALJ presides at the hearings, rules on admission and exclusion of evidence, and advises CBA members on matters of law. Petition hearings must be noticed in accordance with the Bagley-Keene Open Meeting Act.

The CBA ensures the applicable documents and information related to petitions are distributed to the CBA Members for its regularly scheduled meetings. Staff, via email, provide the direct link to the CBA's Disciplinary Guidelines to the CBA Members, the *California Board of Accountancy Petition Hearings* manual and the Enforcement Handbook are available electronically via SharePoint, while all three of these documents are available by hardcopy during the CBA meetings.

Language Assistance

Government Code section 11435.15 requires certain State agencies to provide language assistance in adjudicative proceedings. If the Petitioner you requires English language assistance, upon request, the CBA, may provide both telephonic and written interpreter and translation services at no cost. Government Code section 11435.60, requires the Petitioner to give timely notice to the CBA so that appropriate arrangements can be made, should they need an interpreter. Please inform the CBA at least 45 days prior to the scheduled hearing if you will be requesting language assistance.

THE PETITION HEARING

At the petition hearing, the Deputy Attorney General (DAG) represents the People of the State of California. The DAG gives a brief opening statement of the licensing history, prior discipline, information on the current petition, and presents the jurisdictional documents, including the petition, prior accusation, and prior decision and disciplinary order.

The Petitioner may have an attorney present, at their option and expense. The Petitioner is also offered the opportunity to give a brief opening statement.

Both parties have the right to call, examine, cross-examine, and impeach witnesses, introduce exhibits, and rebut evidence. The CBA members have the opportunity to question the Petitioner during the hearing.

Petition hearings are not required to be conducted according to the technical rules of evidence and witnesses, with some exceptions. Any relevant evidence is, “admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs.”¹ Hearsay evidence may be used to supplement or explain other evidence, but if objected to prior to the submission of the case (or on reconsideration), is not in itself sufficient to support a finding unless the evidence would be admissible over objection in a civil action.²

After the hearing is complete, the ALJ closes the record. CBA members will convene in closed session with the ALJ to deliberate and render a decision on the petition. CBA Legal Counsel is also present in closed session.

Burden of Proof

At petition hearings, the burden of proof rests with the Petitioner. The Petitioner must demonstrate that it is safe for consumers for the CBA to reinstate the license or reduce the penalty. The Petitioner must meet this burden through a showing of clear and convincing evidence.³

CBA members must consider all competent evidence of rehabilitation furnished by the Petitioner. CBA California Code of Regulations section 99.1 outlines the rehabilitation criteria that the CBA will consider when evaluating a petition for reinstatement. The criteria include:

- Nature and gravity of the offense (though the purpose of reinstatement is not to retry the matter).
- Criminal record and subsequent acts and offenses which could be grounds for denial, suspension, or revocation of license.
- The time that elapsed since the wrongful conduct occurred.
- Compliance by the Petitioner with requirements of parole, probation, restitution, or other lawful sanctions.
- Any criminal expungement proceedings under Penal Code section 1203.4.
- Nature and extent of actual and potential consumer harm.
- The Petitioner’s attitude toward their commission of the violation(s).
- Recognition of wrongdoing.
- The Petitioner’s history of violations.
- Corrective action taken to ensure the violation(s) will not recur, and
- Restitution to consumers harmed by the violation(s).
- Other aggravating or mitigating factors.
- Evidence of rehabilitation submitted by the Petitioner.

The evidence offered by the Petitioner to demonstrate whether they are entitled to reinstatement or reduction of penalty should include evidence of rehabilitation. For example, what activities has the Petitioner been involved in since discipline was imposed? Evidence may include:

¹ Government Code section 11513(c)

² Government Code section 11513(d)

³ *Flanzer v. Board of Dental Examiners* (1990) 220 Cal.App.3d 1392, 1398 and *Hippard v. State Bar* (1989) 49 Cal.3d 1084, 1092.

- A written statement from the Petitioner.
- Recent, dated written statements from past or current employers.
- Recent, dated letters or other documentation from medical personnel, such as a psychiatrist, addressing the likelihood of similar recurrences.
- Letters of reference from professionals.
- Recent, dated documentation showing the Petitioner's participation in volunteer or community events, or support groups.
- Documentary evidence of continuing education related to the practice of public accountancy.
- Documentary evidence of enrollment in or completion of an advanced degree program occurring after the effective date of the disciplinary order.
- Evidence of completion of the criminal sentence at issue without a violation of parole or probation.

Cost Recovery and Financial Hardship

BPC section 5107 permits the CBA to order any licensee found to have committed a violation to pay to the CBA all reasonable investigation and prosecution costs, including, but not limited to, attorney's fees. Costs are payable 120 days after the effective date of the CBA's final decision, unless otherwise provided for by the ALJ or if the time of payment is extended by the CBA.

The ALJ may make a further finding that the amount of reasonable costs awarded shall be reduced or eliminated upon a finding that the Petitioner has demonstrated that they cannot pay all or a portion of the costs or that payment of the costs would cause an unreasonable financial hardship, which cannot be remedied through a payment plan. When an ALJ makes a finding that costs be waived or reduced, the ALJ shall set forth the factual basis for their finding in the proposed decision.

Where an order for recovery of costs is made and timely payment is not made as directed by the CBA's decision, the CBA may enforce the order for payment in any appropriate court. The CBA shall not renew or reinstate the permit or certificate of a holder who has failed to pay all of the costs ordered. However, the CBA may, in its discretion, conditionally renew or reinstate the permit or certificate, for a maximum of three years, when the licensee demonstrates financial hardship and enters into a formal agreement with the CBA to reimburse the unpaid costs to the CBA within that three-year period.

ROLE OF THE CBA

BPC section 5000.1 states, "protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions."

CBA members may ask questions of the Petitioner at the hearing. Consider the following:

- Questions that are simple and to the point.
- Questions directed toward rehabilitation and assessment of ability to practice safely (either with or without conditions).
- Questions that explore the Petitioner's understanding of their misconduct/violation and how the Petitioner would handle the situation today.
- Questions that focus on evidence, including witness demeanor.

When assessing the Petitioner's rehabilitation CBA members should:

- Evaluate facts on a case-by-case basis and in an objective manner.
- Consider any mitigating and aggravating factors.
- Be consistent and use CBA's Disciplinary Guidelines if considering granting reinstatement with conditions (understanding these are guidelines and different facts may require different penalties or conditions).

CBA members may consider only facts contained in the administrative record. No external information from sources like the Internet may be used to obtain information on the Petitioner.

While CBA members decide on the petition that day during closed session, the decision is not shared with the Petitioner until the written decision is issued. The ALJ is responsible for drafting the decision based on the CBA members' closed session discussion.

CBA members review the draft decision prepared by the ALJ to determine whether the decision accurately reflects the members' decision in the matter. Upon CBA members' approval and signature by the CBA President, the decision is served via mail to the Petitioner.

EXAMPLES OF PETITION HEARINGS – WEBCAST

January 2023 CBA Meeting: Steven Pybrum - Petition for Reinstatement of Revoked Certificate Number CPA 31088 (hearing begins at 1:35:38 hour mark of the webcast)

March 2023 CBA Meeting: David Bruner- Petition for Reduction of Penalty and Reinstatement of a Restricted Area of Practice Certificate Numbers CPA 73235 and COR 5856 (hearing begins at 2:08:34 hour mark of the webcast)

March 2023 CBA Meeting Joe DiBenedetto – Petition for Reinstatement of Revoked Certificate Number CPA 73278 (hearing begins at 2:44:05 hour mark of the webcast)

July 2021 CBA Meeting: Kevin Breard and Breard & Associates, Inc. CPAs – Petition for Termination of Probation and Reduction of Penalty for Certificate Numbers CPA 41061 and COR 3059 (hearing begins at 9:34 hour mark of the webcast)

November 2021 CBA Meeting: Jacob Kiplagat Busienei – Petition for Reinstatement of Revoked Certificate and Reduction of Penalty for CPA Number 98653 (hearing begins at 13:09 hour mark of the webcast)

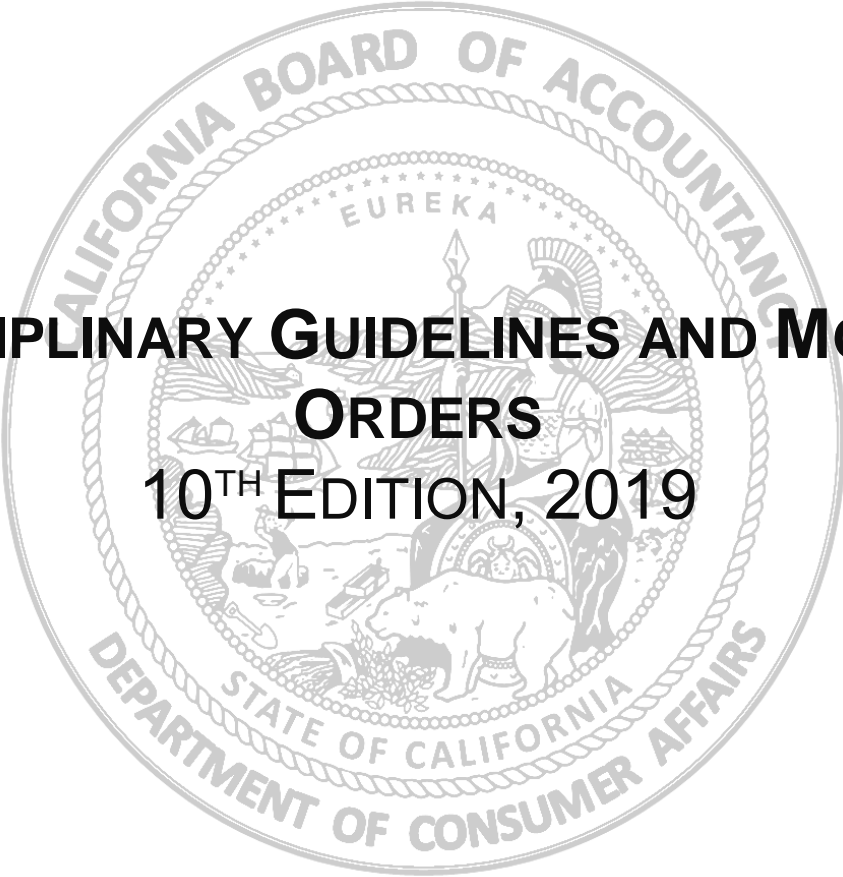
January 2022 CBA Meeting: Daniel Patric Hudgens – Petition for Reinstatement of Surrendered Certificate Number CPA 78371 (hearing begins at 4:21 hour mark of the webcast)

BEST PRACTICES FOR CONDUCTING A VIRTUAL PETITION HEARING

In those instances that the CBA is conducting its meetings using a virtual meeting platform, which would result in conducting petition hearings virtually, the information contained in this section will aid participants (which include the CBA members, ALJ, DAG, and Petitioner) in ensuring an efficient and effective hearing.

- The CBA will begin each matter with a Roll Call to establish the CBA members present for the matter and establish a quorum. The CBA Executive Analyst will perform the Roll Call vote at the direction of the CBA President.
- The ALJ will then take the appearances for the DAG and Petitioner. The ALJ will allow the DAG to provide an overview of the petition before the CBA and seek to enter into evidence the petition packet and any additional materials. The ALJ will provide the Petitioner the opportunity to provide an opening statement and present and enter into evidence any additional documents.
- The ALJ will allow for the DAG to examine the Petitioner, after which, the Petitioner's by counsel (if represented) shall be afforded the opportunity to examine the Petitioner.
- After the examination of the Petitioner by the DAG and Petitioner's counsel (as necessary), the ALJ will call on the CBA Executive Analyst to perform a Roll Call of each CBA member present for examination of the Petitioner. CBA members will be provided the opportunity to examine the Petitioner. CBA members should consider the information provided for on pages 2 and 3 of this document when examining the Petitioner.
- After the CBA members' examination of the Petitioner, the ALJ shall provide the DAG and Petitioner the opportunity to provide any closing statement or remarks.
- The ALJ shall close the record.

CALIFORNIA BOARD OF ACCOUNTANCY

The seal of the California Board of Accountancy is a circular emblem. The outer ring contains the text "CALIFORNIA BOARD OF ACCOUNTANCY" at the top and "DEPARTMENT OF CONSUMER AFFAIRS" at the bottom, separated by a rope-like border. Inside this is another circle with the word "EUREKA" at the top. The center of the seal features a detailed illustration of a Native American figure holding a bow and arrow, standing next to a grizzly bear. The words "STATE OF CALIFORNIA" are written in a semi-circle below the central illustration.

DISCIPLINARY GUIDELINES AND MODEL ORDERS

10TH EDITION, 2019

CALIFORNIA BOARD OF ACCOUNTANCY
2450 VENTURE OAKS WAY, SUITE 300
SACRAMENTO, CA 95833
(916) 263-3680 – TELEPHONE
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I. INTRODUCTION

The California Board of Accountancy (CBA) regulates the practice of public accountancy in the State of California and may revoke, suspend, or refuse to renew any permit or certificate for violation of applicable statutes or regulations. The CBA examines applicants, sets education requirements, and may deny licensure and the authority to practice under practice privilege (California Business and Professions Code (BPC) section 5096 et seq.). The CBA may, by regulation, prescribe, amend, or repeal rules of professional conduct appropriate to the establishment and maintenance of a high standard of integrity and competency in the profession.

The CBA, through its Enforcement Division, assisted by its statutorily established Enforcement Advisory Committee, receives and investigates complaints; initiates and conducts investigations or hearings, with or without the filing of a complaint; and obtains information and evidence relating to any matter involving the conduct of Certified Public Accountants (CPA), Public Accountants (PA) and Accountancy Firms. The California Accountancy Act and the CBA regulations provide the basis for CBA disciplinary action. (See BPC sections 5000 et seq., and **Title 16** of the California Code of Regulations (CCR) sections 1 through 99.1.)

The expiration, cancellation, forfeiture, or suspension of a license, practice privilege, or other authority to practice public accountancy in California, or the voluntary surrender of a license by a licensee shall not deprive the CBA of the authority to proceed with an investigation, action, or disciplinary proceeding against the licensee or to render a decision suspending or revoking the license. (See BPC section 5109.)

These disciplinary guidelines, designed for the use of Administrative Law Judges (ALJ), attorneys, CBA licensees, and others involved in the CBA's disciplinary process, are revised from time to time. The guidelines cover model orders, including factors to be considered in aggravation and mitigation; standard probationary terms; and guidelines for specific offenses. The guidelines for specific offenses reference the statutory and regulatory provisions violated.

These disciplinary guidelines set forth recommended discipline for the violation of current statutes and regulations; include a provision for community service; and provide additional guidance regarding disciplinary and model orders.

The CBA recognizes that these recommended penalties and conditions of probation are merely guidelines and that mitigating or aggravating circumstance and other factors may necessitate deviations, as discussed herein.

II. GENERAL CONSIDERATIONS

The CBA requests that **Proposed Decisions** following administrative hearings include the following:

- a. Specific code sections violated with their definitions.
- b. Clear description of the violation.
- c. Respondent's explanation of the violation if he or she is present at the hearing.
- d. Findings regarding aggravation, mitigation, and rehabilitation where appropriate. (See factors set forth in CCR section 99.1, under section V. Rehabilitation Criteria).
- e. When suspension or probation is recommended, the CBA requests that the disciplinary order include terms within the recommended guidelines for that offense unless the reason for departure there from is clearly set forth in the findings and supported by the evidence.

If the Respondent fails to appear for the scheduled hearing, such action shall result in a **default decision** to revoke license.

When the CBA, at a **reinstatement hearing**, denies a petitioner's request for reinstatement, the CBA requests that the ALJ provide technical assistance in formulating language clearly setting forth the reasons for denial. Such a **statement** should include, for example, a statement on rehabilitation, including suggestions for further approaches by petitioner to demonstrate rehabilitation, where appropriate.

- f. **Reimbursement** to the CBA for costs of investigation and prosecution as warranted by BPC section 5107.
- g. Imposition of an **Administrative Penalty** if warranted. See section VII for guidance.

The CBA will consider **stipulated settlements** to promote cost effectiveness and to expedite disciplinary decisions if such agreements achieve its disciplinary objectives. Deputy Attorneys General should inquire as to Respondent's interest in stipulated settlement promptly after receipt of a notice of defense. If stipulated settlement appears unlikely, the case should be set for hearing.

The CBA's policy is that all disciplinary actions will be published.

It is also the CBA's policy that matters resolved by stipulation include **cost recovery**.

The CBA's Executive Officer is authorized by statute to request an ALJ, as part of any proposed decision in a disciplinary proceeding, to order the recovery of reasonable costs of investigation and prosecution (BPC section 5107). This statute does not preclude the CBA from seeking recovery of costs through stipulations; thus, it does not change the CBA's policy

of requesting and recovering costs where appropriate in stipulated settlements. Restitution to victims and/or administrative penalties should not be reasons to reduce, eliminate, or stay full recovery of all reasonable costs of investigation and prosecution.

In stipulated decisions involving **revocation** (no revocation stayed), the order will generally include the requirement that Respondent must reimburse the CBA for all reasonable costs of investigation and prosecution prior to or upon reinstatement of Respondent's revoked certificate under BPC section 5115.

The period of **probation** is generally three years. During the probation period, licensees are required to appear in person at interviews/meetings as directed by the CBA or its designated representatives to report on probation compliance.

Where an actual **suspension** is imposed, the order shall include the requirement that Respondent engage in no activities for which certification is required (see model disciplinary orders) during the period of suspension. In addition, the Respondent shall relinquish the certificate in question to the CBA and, if directed to do so by the CBA, shall notify clients regarding the suspended status of the certificate.

When discipline includes a violation that can be corrected, **correction of the violation** should be included as the basis for any discipline.

Restitution should be considered for all cases in which harm is demonstrated against the complainant. However, restitution should consider the actual harm to a complainant; it is not intended to award damages.

III. EVIDENCE IN AGGRAVATION OF PENALTY

The following are among aggravating circumstances to be considered by ALJs in providing for penalties in proposed decisions:

1. Evidence that the violation was knowingly committed and/or was premeditated.
2. Licensee has a history of prior discipline, particularly where the prior discipline is for the same or similar type of conduct.
3. Licensee's actions resulted in financial damage to his or her clients or other consumers. The amount of loss may be an additional aggravating factor.
4. Violation of CBA probation.
5. Failure to comply with a final citation order.
6. Failure to comply with a notice to appear before the CBA or its designated representatives.
7. Failure to comply with continuing education requirements as ordered by the CBA or its designated representatives pursuant to CCR section 87.5.
8. Evidence that the licensee has not cooperated with the CBA's investigation.
9. Misappropriation of entrusted funds or other breach of fiduciary responsibility.
10. Duration of violation(s).
11. Evidence that the licensee knew or should have known that his or her actions could harm his or her clients or other consumers.
12. Evidence that the licensee took advantage of his or her client for personal gain, especially if the licensee was able to take advantage due to the ignorance, age, or lack of sophistication of the client.

IV. EVIDENCE IN MITIGATION OF PENALTY

The following are among mitigating circumstances that may be taken into account by ALJs in providing for penalties in proposed decisions:

1. The licensee has cooperated with the CBA's investigation, other law enforcement or regulatory agencies, and/or the injured parties.
2. The passage of considerable time since an act of professional misconduct occurred with no evidence of recurrence or evidence of any other professional misconduct.
3. Convincing proof of rehabilitation, including the factors in CCR section 99.1 as well as other relevant considerations.
4. Demonstration of remorse by the licensee.
5. Recognition by licensee of his or her wrongdoing and demonstration of corrective action to prevent recurrence.
6. Violation was corrected without monetary losses to consumers and/or restitution was made in full.
7. If violation involved multiple licensees, the relative degree of culpability of the subject licensee should be considered.

V. REHABILITATION CRITERIA

When considering the denial of a certificate or permit or the restoration of a revoked certificate or reduction of penalty, the burden of proof lies with the individual to demonstrate sufficient competent evidence of rehabilitation to establish fitness to perform public accounting services in a manner consistent with professional standards and public protection.

The CBA's rehabilitative criteria, set forth in CCR section 99.1, are as follows:

(a) When considering the denial of a certificate or permit under Section 480 of the Business and Professions Code, the suspension or revocation of a certificate or permit under Business and Professions Code Section 5100, or restoration of a revoked certificate or reduction of penalty under Section 5115 of the Business and Professions Code, the board will consider the following criteria:

- (1) Nature and gravity of the act(s) or offense(s).
- (2) Criminal record and evidence of any act(s) committed subsequent to the act(s) or offense(s) under consideration which also could be considered as grounds for denial, suspension or revocation.
- (3) The time that has elapsed since commission of the act(s) or offense(s) referred to in subdivision (1) or (2).
- (4) The extent to which the applicant or licensee has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant or licensee.
- (5) If applicable, evidence of expungement proceedings pursuant to Section 1203.4 of the Penal Code.
- (6) Nature and extent of actual and potential consumer harm.
- (7) The individual's attitude toward his or her commission of the violations.
- (8) The individual's recognition of wrongdoing.
- (9) The individual's history of violations.
- (10) Nature and extent to which the applicant or licensee has taken corrective action to ensure the violation will not recur.
- (11) Nature and extent of restitution to consumers harmed by violations.
- (12) Other aggravating or mitigating factors.

(13) Evidence, if any, of rehabilitation submitted by the applicant or licensee; however, evidence of rehabilitation does not necessarily result in a finding that the licensee is rehabilitated.

- (b) For purposes of issuing a license to an applicant that has been convicted of a crime, the board will consider the applicant to have made a showing of rehabilitation if the applicant has completed the criminal sentence at issue without a violation of parole or probation.
- (c) If the applicant has been convicted of a crime and did not complete the criminal sentence at issue without a violation of parole or probation, and/or if the applicant has been subject to formal discipline by a licensing board in or outside the State within the seven years preceding the application that was based on professional misconduct that is substantially related to the qualifications, functions or duties of a certified public accountant or public accountant, and that would have been cause for discipline by the Board, unless the discipline was based on a conviction that has been dismissed as specified in Section 480(a)(2) of the Business and Professions Code, the Board will find the applicant to have made a showing of rehabilitation if, in applying its criteria for rehabilitation, set forth in (a)(1)-(13) above, the board finds that the applicant is rehabilitated.
- (d) For purposes of suspending, revoking, or restoring a license, or the reduction of penalty, the Board will consider whether the licensee made a showing of rehabilitation, if the licensee:
 - (1) has completed the criminal sentence at issue without a violation of parole or probation, and/or
 - (2) has demonstrated rehabilitation using criteria set forth in (a)(1)-(13).

VI. REHABILITATION EVIDENCE

The following are examples of types of evidence which the licensee/applicant (Respondent) may submit to CBA demonstrate his or her rehabilitative efforts and competency:

- a. Letter from Respondent describing underlying circumstances of arrest and conviction record as well as any rehabilitation efforts or changes in life since that time to prevent future problems.
- b. Recent, dated written statements or performance evaluations from past and/or current employers or persons in positions of authority who have on-the-job knowledge of the Respondent's current competence in the practice of public accountancy, including the period of time and capacity in which the person worked with the Respondent.
- c. Recent, dated letters or a current mental status examination by a clinical psychologist or psychiatrist regarding the Respondent's participation in a rehabilitation, therapy or recovery program, which should include a diagnosis of the condition or any impairment, current state of recovery, and the psychologist's or psychiatrist's basis for determining rehabilitation. The evaluation should also address the likelihood of similar acts occurring in the future, and should speak to the Respondent's mental capacity and ability to practice public accountancy safely.
- d. Letters of reference from other knowledgeable professionals, such as probation or parole officers regarding the Respondent's participation in and/or compliance with terms and conditions of probation or parole, which should include at least a description of the terms and conditions of probation or parole, and the officer's basis for determining compliance.
- e. Recent, dated letters from outside individuals describing Respondent's community or volunteer participation in civic activities or support groups (e.g., Alcoholics Anonymous, Narcotics Anonymous, other professional or community based-support groups).
- f. Documentary or other evidence showing continuing education related to the practice of public accountancy.
- g. Documentary or other evidence showing enrollment in or completion of an advanced degree program. In instances where an individual is petitioning for the reinstatement of a revoked certificate or reduction of penalty, the enrollment in or completion of an advanced degree program should have occurred after the effective date of the disciplinary order.

The CBA will evaluate the sufficiency of the evidence submitted on a case-by-case basis. Any evidence submitted to the CBA will be subject to verification by CBA staff.

VII. ADMINISTRATIVE PENALTIES

BPC section 5116 et seq. allows the CBA to order any licensee or applicant for licensure or examination to pay an administrative penalty as part of any disciplinary proceeding. In matters that go through the administrative hearing process, the CBA's Executive Officer may request an ALJ to impose an administrative penalty as part of any proposed decision.

The administrative penalty assessed shall be in addition to any other penalties or sanctions imposed on the licensee or other person, including but not limited to, license revocation, license suspension, denial of the application for licensure, or denial of admission to the licensing examination. When probation is ordered, an administrative penalty may be included as a condition of probation.

For any violation, with the exception of violation of subdivisions (a), (c), (i), (j), or (k) of BPC section 5100, any licensee may be assessed an administrative penalty of not more than \$5,000 for the first violation and not more than \$10,000 for each subsequent violation.

For violation of subdivisions (a), (c), (i), (j), or (k) of BPC section 5100, licensed firms may be assessed an administrative penalty of not more than \$1,000,000 for the first violation and not more than \$5,000,000 for any subsequent violation. The administrative penalty that may be assessed an individual licensee who violates these sections is limited to not more than \$50,000 for the first violation and not more than \$100,000 for any subsequent violation.

Administrative penalties may be assessed under one or more violations; however, the total administrative penalty shall not exceed the amount of the highest administrative penalty allowed.

The term "violation" used in BPC sections 5116.1, 5116.2, and 5116.3 is intended to include the total violations in the disciplinary proceeding. Accordingly, "first violation" refers to the Respondent's first disciplinary action and "subsequent violations" refers to any subsequent disciplinary actions.

Cost recovery ordered under BPC section 5107 should not be a reason to reduce or eliminate the amount of administrative fines.

The following criteria should be considered in assessing administrative penalties.

1. Nature and extent of actual and potential consumer harm.
2. Nature and extent of actual and potential harm to clients.
3. Nature and severity of the violation.
4. The role of the person in the violation.
5. The person's attitude toward his or her commission of the violations.

6. Recognition of wrongdoing.
7. Person's history of violations.
8. Nature and extent of cooperation with the CBA's investigation.
9. The person's ability to pay the administrative penalty.
10. The level of administrative penalty necessary to deter future violations.
11. Nature and extent to which the person has taken corrective action to ensure the violation will not recur.
12. Nature and extent of restitution to consumers harmed by violations.
13. The violations involve sanctions by other government agencies or other regulatory licensing bodies, i.e. Internal Revenue Service, Securities and Exchange Commission, and Public Company Accounting Oversight Board.
14. Other aggravating or mitigating factors.

VIII. DISCIPLINARY GUIDELINES

The offenses and penalties are listed chronologically by statute number in the Business and Professions Code (BPC) and by regulation number in Title 16 of the California Code of Regulations (CCR). The number in brackets following each condition of probation refers to the model order so numbered (See **Model Orders**). The probation terms listed under "if warranted" for each violation are to be considered, and imposed, if facts and circumstances warrant.

CALIFORNIA ACCOUNTANCY ACT: BUSINESS AND PROFESSIONS CODE, DIVISION 3, CHAPTER 1

ARTICLE 2

Section 5037(a) OWNERSHIP OF ACCOUNTANTS' WORKPAPERS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted:

1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Probation Monitoring Costs [30]
4. Restricted Practice [31]
5. Continuing Education Courses [36]
6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference CCR section 54.1)

Section 5037(b)(1)(2) RETURN OF CLIENT DOCUMENTS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required:

1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted:

1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Restitution [29]
4. Probation Monitoring Costs [30]
5. Restricted Practice [31]
6. Engagement Letters [32]
7. Continuing Education Courses [36]

8. Community Service – Free Services [40]
9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
10. Conditions as appropriate relating to physical or mental disability or condition [44-49]

(Reference CCR section 68)

ARTICLE 3

Section 5050(a) PRACTICE WITHOUT PERMIT; TEMPORARY PRACTICE

Except as provided for in sections 5050(c), 5054, and 5096.12, this section applies to a Respondent who practices for a time without a valid license to practice or to Respondent who practices without obtaining a practice privilege.

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required:

1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted:

1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Restricted Practice [31]
4. Continuing Education Courses [36]
5. Active License Status [37]
6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5050(c) PRACTICE WITHOUT PERMIT; TEMPORARY PRACTICE; FOREIGN ACCOUNTANTS

Applies to Respondents licensed in a foreign country who are temporarily practicing in California and hold out as California licensees.

Minimum Penalty – Cease and Desist Letter

Maximum Penalty – Refer to Prosecutorial Agency for Unlicensed Practice

(Reference section on Unlicensed Activities.)

Section 5055 TITLE OF CERTIFIED PUBLIC ACCOUNTANT/ Section 5056 TITLE OF PUBLIC ACCOUNTANT

(Applies to Respondent who assumes or uses the title certified public accountant, CPA, public accountant, or PA without having an appropriate permit to practice.)

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Active License Status [37]
 6. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

Section 5058 USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 Years Probation, with actual suspension [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

(Reference CCR section 2)

**Section 5058.1 TITLES IN CONJUNCTION WITH
 CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 Years Probation, with actual suspension [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]

4. Continuing Education Courses [36]
5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5058.2 INACTIVE DESIGNATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5058.3 RETIRED DESIGNATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 3.5

Section 5060 NAME OF FIRM

Minimum Penalty – Continuing Education Courses [36] for licensee, licensee partners, licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Revocation stayed, 3 Years Probation, with actual suspension [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5072)

Section 5061 COMMISSIONS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Engagement Letters [32]
 7. Continuing Education Courses [36]
 8. Community Service – Free Services [40]
 9. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

Section 5062 REPORT CONFORMING TO PROFESSIONAL STANDARDS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Engagement Letters [32]
 7. Peer Review [34]
 8. CPA Exam [35]
 9. Samples – Audit, Review or Compilation [38]
 10. Community Service – Free Services [40]
 11. Notice to Clients [42]
 12. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

(Reference BPC section 5100(j))

Section 5062.2 RESTRICTIONS ON ACCEPTING EMPLOYMENT WITH AN AUDIT CLIENT

Minimum Penalty – Revocation stayed, 30 day suspension, 3 years probation [1-4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3]
 3. Standard Conditions of Probation [16-27]

If warranted: 1. Probation Monitoring Costs [30]
 2. Community Service – Free Services [40]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5063 REPORTABLE EVENTS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Samples – Audit, Review or Compilation [38]
 7. Prohibition from Handling Funds [39]
 8. Community Service – Free Services [40]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 10. Conditions as appropriate relating to physical or mental disability or condition [44-49]

(Reference CCR sections 59, 60, 61)

Section 5063.3 CONFIDENTIAL INFORMATION DISCLOSURE

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Samples – Audit, Review or Compilation [38]
 7. Prohibition from Handling Funds [39]
 8. Community Service – Free Services [40]
 9. Notice to Clients [42]
 10. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 4

Section 5070.1(b) PRACTICE WITH A RETIRED LICENSE STATUS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Active License Status [37]
 6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5070.2(b) PRACTICE WITH A MILITARY LICENSE STATUS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Active License Status [37]
 6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5072(a) REQUIREMENTS FOR REGISTRATION AS A PARTNERSHIP

Applies to licensee(s) in a partnership who practices for a time without partnership license (BPC section 5073) and subsequently renews, or to a partnership in practice without a license.

Minimum Penalty – Continuing Education Courses for Licensee Partners [36]

Maximum Penalty – Revocation of partnership/individual licenses [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference section on Unlicensed Activities.)

**Section 5073(d) PARTNERSHIP APPLICATIONS
(ADMISSION OR WITHDRAWAL OF PARTNER)**

Minimum Penalty – Continuing Education Courses for Licensee Partners [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5076(a) PEER REVIEW

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]

4. Restricted Practice [31]
5. Peer Review [34]
6. Continuing Education Courses [36]
7. Samples – Audit, Review or Compilation [38]
8. Notification to Clients/Cessation of Practice [42]
9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference CCR sections 40, 32, 43)

Section 5076(f) PEER REVIEW – DOCUMENT SUBMISSION REQUIREMENT

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Peer Review [34]
 6. Continuing Education Courses [36]
 7. Samples – Audit, Review or Compilation [38]
 8. Notification to Clients/Cessation of Practice [42]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference CCR section 46)

Section 5078 OFFICES NOT UNDER PERSONAL MANAGEMENT OF CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT; SUPERVISION

Minimum Penalty – Continuing Education Courses for Licensee Owners [36] and/or require CPA or PA to develop standards for supervision, and implement a practice plan; permit practice investigation within 3 months to insure compliance [21]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]

3. Probation Monitoring Costs [30]
4. Restricted Practice [31]
5. Continuing Education Courses [36]
6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5079(a)(b)(d) NONLICENSEE OWNERSHIP OF FIRMS

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation of partnership or corporate registration and individual licenses [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference CCR section 51.1)

ARTICLE 5

Section 5081(a) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION (ACTS DENYING ADMISSION TO EXAM)

Minimum Penalty – Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of BPC section 5100 for applicable provisions

Maximum Penalty – Denial of admission to examination or revocation of license if issued

(Reference relevant section for discipline based upon nature of act.)

If warranted: 1. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5081(b)(c) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION

Minimum/Maximum Penalty – Denial of admission to examination, or revocation of license if issued.

If warranted: 1. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5088 INTERIM PRACTICE RIGHTS: OUT-OF-STATE CPA

Minimum/Maximum Penalty – If CBA rejects application, cease practice immediately. If practice continues, see provisions on **Unlicensed Activities** and **Practice Privilege**.

Section 5095(a) MINIMUM NUMBER OF ATTEST SERVICES HOURS; ATTEST EXPERIENCE

Minimum Penalty – Revocation stayed and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Restricted Practice [31]
4. CPA Exam [35]
5. Continuing Education Courses [36]
6. Active License Status [37]
7. Notification to Clients/Cessation of Practice [42]
8. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 5.1: Practice Privilege

Section 5096(d) PRACTICING THROUGH AN UNREGISTERED FIRM

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], probation 3 to 5 years
2. Standard Conditions of Probation [16-22, 24-27]

If warranted: 1. Suspension [3]
2. Probation Monitoring Costs [30]
3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5096(e)(2) COMPLY WITH RULES, LAWS, AND STANDARDS

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g)).
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5096(e)(3) PRACTICE FROM AN UNAUTHORIZED OFFICE IN THIS STATE

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g)).
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5096(e)(5) COOPERATE WITH BOARD

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g)).
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5096(e)(6), (7), (8), (9) FAILURE TO CEASE EXERCISING THE PRACTICE PRIVILEGE

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g)).
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).

Section 5096(e)(10) FAILURE TO REPORT PENDING CRIMINAL CHARGES

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g)).
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5096(f) FAILURE TO NOTIFY THE BOARD/CEASE PRACTICE

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g)).
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).

Section 5096(i) FAILURE TO FILE PRE-NOTIFICATION FORM

Minimum Penalty – One year suspension [3]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g)).
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years.

Section 5096.5 UNAUTHORIZED SIGNING OF ATTEST REPORTS

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3] (BPC section 5096(g)).
 3. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5096.12 FIRM PRACTICING WITHOUT A PRACTICE PRIVILEGE HOLDER

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revoke Practice Privilege [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-22, 24-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Suspension [3] (BPC section 5096(g)).
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 5.5

Section 5097 AUDIT DOCUMENTATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Library Reference Materials [33]
 6. Peer Review [34]
 7. CPA Exam [35]
 8. Continuing Education Courses [36]
 9. Samples - Audit, Review or Compilation [38]
 10. Community Service – Free Services [40]
 11. Notice to Clients [42]
 12. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference CCR sections 68.2, 68.3, 68.4, 68.5)

ARTICLE 6

**Section 5100 DISCIPLINE IN GENERAL,
(including but not limited to that set forth in
subsections (a) through (l) of this section)**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]
- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Optional conditions which relate to underlying facts and circumstances; reference conditions listed in BPC sections 5100 (a)-(j)
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

**Section 5100(a) CONVICTION OF ANY CRIME SUBSTANTIALLY RELATED TO THE
QUALIFICATIONS, FUNCTIONS AND DUTIES OF A CPA/PA**

**FOR FELONY CONVICTIONS OR MULTIPLE MISDEMEANOR CONVICTIONS, WITH THE
EXCEPTION OF MISDEMEANOR ALCOHOL/DRUG CONVICTIONS FOR VEHICLE CODE
SECTION 23152 AND DRUG CONVICTIONS FOR POSSESSION FOR PERSONAL USE:**

Minimum Penalty – Revocation stayed. Actual suspension from practice 120 days.
Three years probation [1-4]

Maximum Penalty – Revocation [1, 2]

FOR MULTIPLE MISDEMEANOR ALCOHOL/DRUG CONVICTIONS FOR VEHICLE CODE SECTION 23152 AND DRUG CONVICTIONS FOR POSSESSION FOR PERSONAL USE:

Minimum Penalty – 120-day suspension stayed, and 1 year probation [1-4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required:

1. If revocation/suspension stayed [4], probation 1 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [16-27]

If warranted:

1. Supervised Practice [28]
2. Restitution [29]
3. Probation Monitoring Costs [30]
4. Restricted Practice [31]
5. Engagement Letters [32]
6. CPA Exam [35]
7. Continuing Education Courses [36]
8. Samples - Audit, Compilation or Review [38]
9. Prohibition from Handling Funds [39]
10. Community Service – Free Services [40]
11. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
12. Conditions as appropriate relating to physical or mental disability or condition [44-49]

IN THE CASE OF A SINGLE MISDEMEANOR VIOLATION, TAILOR PROBATION TO CIRCUMSTANCES; ADJUSTING THE REQUIRED CONDITIONS ACCORDINGLY AND CHOOSING APPROPRIATE WARRANTED CONDITIONS FROM THE ABOVE LIST.

Section 5100(b) FRAUD OR DECEIT IN OBTAINING LICENSE/PERMIT/REGISTRATION

Minimum Penalty – Revocation stayed with 180 days actual suspension and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.

Maximum Penalty – Revocation or application denied. [1, 2]

CONDITIONS OF PROBATION:

Required:

1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5100(c) DISHONESTY, FRAUD, GROSS NEGLIGENCE, OR REPEATED ACTS OF NEGLIGENCE IN THE PRACTICE OF PUBLIC ACCOUNTANCY OR THE PERFORMANCE OF BOOKKEEPING

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Supervised Practice [28]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Peer Review [34]
 6. CPA Exam [35]
 7. Continuing Education Courses [36]
 8. Samples - Audit, Review or Compilation [38]
 9. Prohibition from Handling Funds [39]
 10. Community Service – Free Services [40]
 11. Notification to Clients [42]
 12. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 13. Conditions as appropriate relating to physical or mental disability or condition [44-49]

Section 5100(d) CANCELLATION, REVOCATION OR SUSPENSION BY ANY OTHER STATE OR FOREIGN COUNTRY

Minimum Penalty – Revocation stayed [1, 2, 4], probation 3 years

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Restitution [29]
4. Probation Monitoring Costs [30]
5. Restricted Practice [31]

6. CPA Exam [35]
7. Continuing Education Courses [36]
8. Samples - Audit, Review or Compilation [38]
9. Prohibition from Handling Funds [39]
10. Community Service – Free Services [40]
11. Notice to Clients [42]
12. Conditions as appropriate relating to physical or mental disability or condition [44-49]

Section 5100(e) VIOLATION OF PROVISIONS OF SECTION 5097

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]
- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Library Reference Materials [33]
 6. Peer Review [34]
 7. CPA Exam [35]
 8. Samples - Audit, Review or Compilation [38]
 9. Community Service – Free Services [40]
 10. Notice to Clients [42]
 11. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 5100(f) VIOLATIONS OF PROVISIONS OF SECTION 5120

BPC section 5120 states "Any person who violates Article 3 (commencing with Section 5050) is guilty of a misdemeanor, punishable by imprisonment for not more than six months, or by a fine of not more than one thousand dollars (\$1,000), or both. Whenever the board has reason to believe that any person is liable for punishment under this article, the board, or with its approval the enforcement advisory committee, may certify the facts to the appropriate enforcement officer of the city or county where the alleged violation had taken place and the officer may cause appropriate proceedings to be brought."

Violations of Article 3 include:

5050 and 5051	PRACTICE WITHOUT PERMIT/"PUBLIC ACCOUNTANCY" DEFINED
5055 and 5056	TITLE OF CERTIFIED PUBLIC ACCOUNTANT/ PUBLIC ACCOUNTANT

Minimum/Maximum Penalty – See specific statute/regulation violated for recommended penalty

Section 5100(g) WILLFUL VIOLATION OF THE ACCOUNTANCY ACT, OR A RULE OR REGULATION PROMULGATED BY THE BOARD

Minimum/Maximum Penalty – See specific statute or regulation violated for recommended penalty

Section 5100(h) SUSPENSION OR REVOCATION OF THE RIGHT TO PRACTICE BEFORE ANY GOVERNMENTAL BODY OR AGENCY

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Restitution [29]
4. Probation Monitoring Costs [30]
5. Restricted Practice [31]
6. CPA Exam [35]
7. Continuing Education Courses [36]
8. Samples - Audit, Review or Compilation [38]
9. Prohibition from Handling Funds [39]
10. Community Service – Free Services [40]
11. Notice to Clients [42]
12. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
13. Conditions as appropriate relating to physical or mental disability or condition [44-49]

Section 5100(i) FISCAL DISHONESTY OR BREACH OF FIDUCIARY RESPONSIBILITY OF ANY KIND

Minimum Penalty – Revocation stayed, 30 day suspension, 3 years probation [1-4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Suspension [3]

3. Standard Conditions of Probation [16-27]

- If warranted:
1. Supervised Practice [28]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. CPA Exam [35]
 6. Continuing Education Courses [36]
 7. Prohibition from Handling Funds [39]
 8. Community Service – Free Services [40]
 9. Notice to Clients [42]
 10. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 11. Conditions as appropriate relating to physical or mental disability or condition [44-49]

Section 5100(j) KNOWING PREPARATION, PUBLICATION OR DISSEMINATION OF FALSE, FRAUDULENT, OR MATERIALLY MISLEADING FINANCIAL STATEMENTS, REPORTS, OR INFORMATION

Minimum Penalty – Revocation stayed, 60 days suspension, 3 years probation [1-4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 to 5 years probation
 2. Suspension [3]
 3. Standard Conditions of Probation [16-27]

- If warranted:
1. Supervised Practice [28]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Engagement Letters [32]
 6. CPA Exam [35]
 7. Continuing Education Courses [36]
 8. Samples - Audit, Review or Compilation [38]
 9. Community Service – Free Services [40]
 10. Notice to Clients [42]
 11. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 12. Conditions as appropriate relating to physical or mental disability or condition [44-49]

Section 5100(k) EMBEZZLEMENT, THEFT, MISAPPROPRIATION OF FUNDS OR PROPERTY, OR OBTAINING MONEY, PROPERTY OR OTHER VALUABLE CONSIDERATION BY FRAUDULENT MEANS OR FALSE PRETENSES

Minimum Penalty – Revocation stayed, 90 day suspension, 3 years probation [1-4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
 2. Suspension [3]
 3. Standard Conditions of Probation [16-27]

- If warranted:
1. Supervised Practice [28]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. CPA Exam [35]
 6. Continuing Education Courses [36]
 7. Prohibition from Handling Funds [39]
 8. Notice to Clients [42]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 10. Conditions as appropriate relating to physical or mental disability or condition [44-49]

**Section 5100(I) DISCIPLINE, PENALTY, OR SANCTION BY THE
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD
OR SECURITIES AND EXCHANGE COMMISSION**

Minimum Penalty – Revocation stayed [1, 2, 4], 3 years probation

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Restitution [29]
4. Probation Monitoring Costs [30]
5. Restricted Practice [31]
6. CPA Exam [35]
7. Continuing Education Courses [36]
8. Samples - Audit, Review or Compilation [38]
9. Prohibition from Handling Funds [39]
10. Community Service – Free Services [40]
11. Notice to Clients [42]
12. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
13. Conditions as appropriate relating to physical or mental disability or condition [44-49]

**Section 5100(m) UNLAWFULLY ENGAGING IN PRACTICE OF
PUBLIC ACCOUNTANCY IN ANOTHER STATE**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Continuing Education Courses [36]
 5. Active License Status [37]
 6. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

Section 5101 DISCIPLINE OF PARTNERSHIP

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Engagement Letters [32]
 7. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

**Section 5104 RELINQUISHMENT OF CERTIFICATE OR PERMIT (revocation or
suspension)**

Minimum/Maximum Penalty – Revocation [1, 2]

Section 5105 RELINQUISHMENT OF CERTIFICATE OR PERMIT (delinquent)

Minimum/Maximum Penalty – Revocation [1, 2]

**Section 5110(a) ACTS CONSTITUTING CAUSE FOR BOARD'S DENIAL OF
EXAM APPLICATION OR ADMISSION, VOIDANCE OF GRADES, OR**

DENIAL OF LICENSE APPLICATION OR REGISTRATION

Minimum/Maximum Penalty – Denial of admission to examination, denial of licensure application, or revocation of license if issued.

If warranted: 1. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 7

Sections 5120/5121 VIOLATIONS AS MISDEMEANOR/EVIDENCE OF VIOLATION

(Reference BPC section 5100(f) and section on Unlicensed Activities.)

ARTICLE 9

Section 5152 CORPORATION REPORTS

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Suspend corporate accountancy registration and/or individual licenses for 90 days [3]

Section 5152.1 ACCOUNTANCY CORPORATION RENEWAL OF PERMIT TO PRACTICE

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Suspend corporate accountancy registration and/or individual licenses for 90 days [3]

(Reference BPC sections 5050 and 5060(b))

Section 5154 DIRECTORS, SHAREHOLDERS, AND OFFICERS MUST BE LICENSED

Minimum Penalty – Continuing Education Courses for licensee directors, shareholders, and/or officers of corporation [36]

Maximum Penalty – Revocation of corporate registration [1, 2] and discipline of individual licenses

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Minimum Penalty – Revocation stayed, 3 years probation [1, 2, 4]
Maximum Penalty – Revocation of individual and corporate license [1, 2]

Required: 1. Standard Conditions of Probation [16-27]

- Section 5156 UNPROFESSIONAL CONDUCT
(ACCOUNTANCY CORPORATION)**

Required:

1. If Revocation stayed [4], 3 to 5 years probation
2. Standard Conditions of Probation [16-27]

- Note:** An accountancy corporation is bound by the same regulations as individual Respondents. See specific statute or regulation violated for recommended penalty.

Minimum Penalty – Continuing Education Courses [36] for licensee directors, stakeholders, and/or officers of corporation. Require CPA or PA to develop management plan; permit practice investigation within 3 months to ensure compliance with management requirement and plan [20, 33]

Maximum Penalty – Revocation [1, 2]

Required:

1. If Revocation stayed [4], 3 to 5 years probation
2. Standard Conditions of Probation [16-27]

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2. Restitution [29]
3. Probation Monitoring Costs [30]
4. Restricted Practice [31]
5. Engagement Letters [32]
6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
7. Conditions as appropriate relating to physical or mental disability or condition [44-49]

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

TITLE 16 CALIFORNIA CODE OF REGULATIONS

ARTICLE 1: GENERAL

SECTION 3 NOTIFICATION OF CHANGE OF ADDRESS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – 90 day Suspension [3]

SECTION 5 OBSERVANCE OF RULES

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Samples - Audit, Review or Compilation [38]
 4. Community Service – Free Services [40]
 5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Note: Reference the specific regulation for appropriate discipline.

ARTICLE 2: EXAMINATIONS

SECTION 8.2 REQUIREMENTS FOR ISSUANCE OF THE AUTHORIZATION TO TEST

Minimum Penalty – Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of BPC section 5100 for applicable provisions

Maximum Penalty – Denial of admission to examination or revocation of license if issued; Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 3: PRACTICE PRIVILEGES

SECTION 20 NOTIFICATION OF CHANGE OF INFORMATION FOR REGISTERED OUT-OF-STATE ACCOUNTING FIRMS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – 90 day Suspension [3]

CONDITIONS OF PROBATION:

- Required:
1. If suspension stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 5: REGISTRATION

SECTION 37.5 FINGERPRINTING

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 6: PEER REVIEW

SECTION 40(a)(b)(c) ENROLLMENT AND PARTICIPATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Peer Review [34]
 6. Continuing Education Courses [36]

7. Samples – Audit, Review or Compilation [38]
8. Notification to Clients/Cessation of Practice [42]
9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5076(a))

SECTION 41 FIRM RESPONSIBILITIES

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5076(a))

SECTION 43 EXTENSIONS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 44 NOTIFICATION OF EXPULSION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]

3. Probation Monitoring Costs [30]
4. Restricted Practice [31]
5. Continuing Education Courses [36]
6. Samples – Audit, Review or Compilation [38]
7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
8. Conditions as appropriate relating to physical or mental disability or condition [44-49]

SECTION 45 REPORTING TO BOARD

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5076(a))

SECTION 46(a) DOCUMENT SUBMISSION REQUIREMENTS

Applies to firms that receive a substandard peer review rating.

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5076(f))

SECTION 46(b) DOCUMENT SUBMISSION REQUIREMENTS

Applies to firms that receive a “pass” or “pass with deficiencies” peer review rating.

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Probation Monitoring Costs [30]
2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 9: RULES OF PROFESSIONAL CONDUCT

SECTION 50 CLIENT NOTIFICATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

Section 50.1 ATTEST CLIENT NOTIFICATION

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation of partnership or corporate registration and individual licenses

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]
3. Administrative Penalty not to maximum set forth in BPC section 5116 [43]

SECTION 51 FIRMS WITH NONLICENSEE OWNERS

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [30]

3. Restricted Practice [31]
4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 51.1 NOTIFICATION OF NON-LICENSEE OWNERSHIP

Minimum Penalty – Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty – Revocation of partnership or corporate registration and individual licenses

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5079)

SECTION 52 RESPONSE TO BOARD INQUIRY

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Community Service – Free Services [40]
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 53 DISCRIMINATION PROHIBITED

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

- Required:
1. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Continuing Education Courses [36]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 54.1 DISCLOSURE OF CONFIDENTIAL INFORMATION PROHIBITED

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Continuing Education Courses [36]
 5. Notice to Clients [42]
 6. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

(Reference BPC section 5037)

SECTION 54.2 RECIPIENTS OF CONFIDENTIAL INFORMATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed, [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Supervised Practice [28]
 2. Probation Monitoring Costs [30]
 3. Continuing Education Courses [36]
 4. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

SECTION 56 COMMISSIONS – BASIC DISCLOSURE REQUIREMENT

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]

5. Restricted Practice [31]
6. Engagement Letters [32]
7. Continuing Education Courses [36]
8. Community Service – Free Services [40]
9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 56.1 COMMISSIONS – PROFESSIONAL SERVICES PROVIDED TO CLIENT

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Continuing Education Courses [36]
 7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 57 INCOMPATIBLE OCCUPATIONS AND CONFLICT OF INTEREST

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Engagement Letters [32]
 6. Continuing Education Courses [36]
 7. Prohibition from Handling Funds [39]
 8. Community Service – Free Services [40]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 58 COMPLIANCE WITH STANDARDS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Engagement Letters [32]
 6. Peer Review [34]
 7. CPA Exam [35]
 8. Continuing Education Courses [36]
 9. Samples - Audit, Review or Compilation [38]
 10. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

SECTION 59 REPORTING OF RESTATEMENTS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Community Service – Free Services [40]
 7. Administrative Penalty not to exceed maximum set forth in
 BPC section 5116 [43]

(Reference BPC section 5063)

**SECTION 60 REPORTING OF INVESTIGATIONS BY THE
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Community Service – Free Services [40]
 7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5063)

SECTION 61 THE REPORTING OF SETTLEMENTS, ARBITRATION AWARDS, AND JUDGMENTS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Engagement Letters [32]
 6. Continuing Education Courses [36]
 7. Community Service – Free Services [40]
 8. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5063)

SECTION 62 CONTINGENT FEES

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed, 3 years probation [1, 2, 4]
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Engagement Letters [32]

7. Continuing Education Courses [36]
8. Community Service – Free Services [40]
9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 63 ADVERTISING

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Community Service – Free Services [40]
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 65 INDEPENDENCE

Minimum Penalty – Revocation stayed, 3 years of probation [1, 2, 4]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Engagement Letters [32]
 7. Peer Review [34]
 8. CPA Exam [35]
 9. Samples - Audit, Review or Compilation [38]
 10. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 67 APPROVAL OF USE OF FICTITIOUS NAME

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 90 day suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION:

- Required:
1. Standard Conditions of Probation [16-27]

- If warranted:
1. Probation Monitoring Costs [30]
 2. Community Service – Free Services [40]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 68 RETENTION OF CLIENT'S RECORDS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed, 3 years probation [1, 2, 4]
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Restitution [29]
 4. Probation Monitoring Costs [30]
 5. Restricted Practice [31]
 6. Engagement Letters [32]
 7. Continuing Education Courses [36]
 8. Community Service – Free Services [40]
 9. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]
 10. Conditions as appropriate relating to physical or mental disability or condition [44-49]

(Reference BPC section 5037)

SECTION 68.1 WORKING PAPERS DEFINED; RETENTION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Engagement Letters [32]
 6. Continuing Education Courses [36]
 7. Community Service – Free Services [40]
 8. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

9. Conditions as appropriate relating to physical or mental disability or condition [44-49]

SECTION 68.2 COMPONENTS OF AUDIT DOCUMENTATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]
- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Peer Review [34]
 6. CPA Exam [35]
 7. Samples - Audit, Review or Compilation [38]
 8. Community Service – Free Services [40]
 9. Notice to Clients [42]
 10. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5097)

SECTION 68.3 RETENTION PERIOD FOR AUDIT DOCUMENTATION

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]
- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Library Reference Materials [33]
 6. Peer Review [34]
 7. CPA Exam [35]
 8. Samples - Audit, Review or Compilation [38]
 9. Community Service – Free Services [40]
 10. Notice to Clients [42]

11. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BCP section 5097)

SECTION 68.4 CHANGES IN AUDIT DOCUMENTATION AFTER ISSUANCE OF REPORT

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Library Reference Materials [33]
 6. Peer Review [34]
 7. CPA Exam [35]
 8. Samples - Audit, Review or Compilation [38]
 9. Community Service – Free Services [40]
 10. Notice to Clients [42]
 11. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5097)

SECTION 68.5 AUDIT DOCUMENTATION RETENTION AND DESTRUCTION POLICY

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]
 3. Continuing Education Courses [36]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Library Reference Materials [33]
 6. Peer Review [34]
 7. CPA Exam [35]

8. Samples - Audit, Review or Compilation [38]
9. Community Service – Free Services [40]
10. Notice to Clients [42]
11. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

(Reference BPC section 5097)

SECTION 69 CERTIFICATION OF APPLICANT'S EXPERIENCE

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Community Service – Free Services [40]
 5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [46]

ARTICLE 11: ACCOUNTANCY CORPORATION RULES

SECTION 75.8 SECURITY FOR CLAIMS AGAINST AN ACCOUNTANCY CORPORATION

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation 3 to 5 years
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Supervised Practice [28]
 2. Restitution [29]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Samples - Audit, Review or Compilation [38]
 7. Prohibition from Handling Funds [39]
 8. Community Service – Free Services [40]
 9. Notification to Clients [42]
 10. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 75.9 SHARES: OWNERSHIP AND TRANSFER

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Revocation of corporate registration [1, 2] and discipline of individual licenses

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]
 3. Restricted Practice [31]
 4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 75.11(b) CERTIFICATION OF REGISTRATION; CONTINUING VALIDITY; NOTIFICATION OF NAME AND ADDRESS CHANGES

Minimum Penalty – Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty – Suspend corporate accountancy registration and/or individual licensees for 90 days [3]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Restricted Practice [31]
 3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 12: CONTINUING EDUCATION RULES

Section 80 INACTIVE LICENSE STATUS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [30]

3. Restricted Practice [31]
4. Continuing Education Courses [36]
5. Active License Status [37]
6. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 81(a) CONTINUING EDUCATION REQUIREMENTS FOR RENEWING AN EXPIRED LICENSE

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Samples – Audit, Review or Compilation [38]
 7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 87 BASIC REQUIREMENTS (Continuing Education)

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [16-27]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [28]
 3. Probation Monitoring Costs [30]
 4. Restricted Practice [31]
 5. Continuing Education Courses [36]
 6. Samples – Audit, Review or Compilation [38]
 7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 87.5 ADDITIONAL CONTINUING EDUCATION REQUIREMENTS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Probation Monitoring Costs [30]
2. Continuing Education Courses [36]
3. Active License Status [37]
4. Samples - Audit, Review or Compilation [38]
5. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

**SECTION 87.6 RECORDS REVIEW
CONTINUING EDUCATION REQUIREMENTS**

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Probation Monitoring Costs [30]
2. Continuing Education Courses [36]
3. Samples - Audit, Review or Compilation [38]
4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 87.8 REGULATORY REVIEW COURSE

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Probation Monitoring Costs [30]
2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 89 CONTROL AND REPORTING

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Probation Monitoring Costs [30]
2. Continuing Education Courses [36]

3. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 89.1 REPORTS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]

If warranted: 1. Probation Monitoring Costs [30]
2. Continuing Education Courses [36]
3. Samples - Audit, Review or Compilation [38]
4. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

SECTION 90 EXCEPTIONS AND EXTENSIONS

Minimum Penalty – Continuing Education Courses [36]

Maximum Penalty – Revocation [1, 2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4] 3 years probation
2. Standard Conditions of Probation [16-27]

If warranted: 1. Suspension [3] with/without stay [4]
2. Supervised Practice [28]
3. Probation Monitoring Costs [30]
4. Restricted Practice [31]
5. Continuing Education Courses [36]
6. Samples – Audit, Review or Compilation [38]
7. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

ARTICLE 12.5: CITATIONS AND FINES

SECTION 95.4 FAILURE TO COMPLY WITH CITATION

Minimum Penalty – Compliance with Citation Abatement Order and/or Fine as issued

Maximum Penalty – Revocation stayed, 3 years probation [1, 2, 4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [16-27]
2. Restitution [29]
3. Compliance with Citation Abatement Order and/or Fine

If warranted: 1. Probation Monitoring Costs [30]

2. Administrative Penalty not to exceed maximum set forth in BPC section 5116 [43]

VIOLATION OF PROBATION

Minimum penalty - Citation and Fine (19)

Maximum penalty - Vacate stay order and impose penalty that was previously stayed; and/or revoke, separately and severally, for violation of probation and/or for any additional offenses. [1-4]

CCR section 95 provides the authority for the Executive Officer to issue citations and fines from \$100 to \$5,000 to a licensee for violation of a term or condition contained in a decision placing that licensee on probation.

The maximum penalty is appropriate for repeated **similar** offenses, or for probation violations indicating a cavalier or recalcitrant attitude. If the probation violation is due in part to the commission of additional offense(s), additional penalties shall be imposed according to the nature of the offense; and the probation violation shall be considered as an aggravating factor in imposing a penalty for those offenses.

UNLICENSED ACTIVITIES

If any unlicensed individual or firm violates, or is suspected of violating, any of the following Business and Professions Code sections, the matter may be referred to the Division of Investigation and if the allegation is confirmed, to the District Attorney or other appropriate law enforcement officer for prosecution.

Section 5050
Section 5051
Section 5055

Section 5056
Section 5058
Section 5071

Section 5072
Section 5088

CCR section 95.6 also provides the authority for the Executive Officer to issue citations and fines from \$100 to \$5,000 and an order of abatement against any person defined in Business and Professions Code section 5035 who is acting in the capacity of a licensee under the jurisdiction of the CBA.

BPC section 5120 provides that any person who violates any provisions of Article 3 is guilty of a misdemeanor and can be imprisoned for not more than 6 months or assessed a fine of not more than \$1,000 or both. Injunctions may be requested (see BPC section 5122 immediately following).

INJUNCTIONS

BPC section 5122 provides that "Whenever in the judgment of the board, or with its approval the enforcement advisory committee, any person has engaged, or is about to engage, in any acts or practices that constitute, or will constitute, an offense against this chapter, the board may make application to the appropriate court for an order enjoining the acts or practices, and upon showing by the board that the person has engaged, or is about to engage, in any such acts or practices, an injunction, restraining order, or other order that may be appropriate shall be granted by the court." This section applies to licensees and unlicensed persons.

IX. MODEL ORDERS

LICENSEES

1. **Revocation** - Single Cause:

_____ License No. _____ issued
(Ex: Certified Public Accountant) (Ex: 00000)

to Respondent _____ is revoked.
(Name)

2. **Revocation** - Multiple Causes:

_____ License No. _____ issued to Respondent _____ is revoked
pursuant to Determination(s) of Issues _____ separately and for all of them.

3. **Suspension**:

_____ License No. _____ issued to Respondent _____ is suspended for
_____. During the period of suspension the Respondent shall engage in no activities
for which certification as a Certified Public Accountant or Public Accountant is required as
described in Business and Professions Code, Division 3, Chapter 1, section 5051.

4. **Standard Stay Order**:

However, _____ (revocation/suspension) _____ is stayed and Respondent is placed on
probation for _____ years upon the following terms and conditions:

ORDER OF RESTRICTED PRACTICE

5. **Permanent Restricted Practice Order (to be placed after any probationary order):**

After the period of probation set forth above is successfully completed, it is further ordered
that Respondent shall be prohibited from (performing certain types of engagements such
as audits, reviews, compilations, or other attestation engagements, etc.), and/or from
practice in (certain specialty areas, e.g. bookkeeping, write-up, tax, auditing, etc.).
Respondent shall be prohibited from performing the above mentioned services permanently
or until such time as Respondent successfully petitions the California Board of Accountancy
(CBA) for reinstatement of the privilege to engage in any of the service(s) or act(s)
restricted by this Order.

(Note: This restriction is authorized by Business and Professions Code section 5100.5. It
should be used where the violation involves unprofessional conduct in the performance or
failure to perform particular accountancy acts or services or where serious or repeated
violations in a particular practice area are found and revocation is not warranted.)

PETITIONS FOR REINSTATEMENT

6. Grant petition without restrictions on the license:

Upon satisfaction of all statutory and regulatory requirements for the issuance of a license, the petition for reinstatement filed by _____ is hereby granted and Petitioner's certificate shall be fully restored.

7. Grant petition and place license on probation:

Upon satisfaction of all statutory and regulatory requirements for issuance of a license, the petition for reinstatement filed by _____ is hereby granted. Petitioner's certificate shall be fully restored. However, the certificate shall then be immediately revoked, the revocation shall be stayed, and petitioner shall be placed on probation for ____ years upon the following terms and conditions (*list standard and applicable optional conditions of probation*):

8. Grant petition and place license on probation after petitioner completes conditions precedent to reinstatement of the license:

The petition for reinstatement filed by _____ is hereby granted and Petitioner's certificate shall be fully reinstated upon the following conditions precedent (*list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA exam, etc.*):

Upon completion of the conditions precedent above and satisfaction of all statutory and regulatory requirements for issuance of a license, Petitioner's certificate shall be reinstated. Upon reinstatement, Petitioner's certificate shall be revoked. However, said revocation shall be stayed and Petitioner shall be placed on probation for a period of ____ years under the following terms and conditions (*list standard and applicable optional conditions of probation*):

9. Deny Petition:

The petition for reinstatement filed by _____ is hereby denied. Option: In accordance with Section 5115(a) of the Business and Professions Code (BPC), Petitioner may file a new petition for reinstatement only after ____ years have elapsed from the effective date of this decision.

Note: (3 years maximum)

Note: BPC section 5115 also allows a person to file a petition for a reduction in penalty. The above checklist can also be used for these petitions.

PETITION FOR REVOCATION OF PROBATION

10. Revocation of Probation:

Certified Public Accountant Certificate No. _____, heretofore issued to Respondent _____, is revoked.

11. Continuance of Probation:

However, revocation is stayed and Respondent is placed on probation for a period of years upon the following terms and conditions:

APPLICANTS

12. Grant application without restrictions on the license:

The application of Respondent _____ for initial licensure is hereby granted and a license shall be issued to Respondent upon successful completion of all licensing requirements including payment of all fees.

13. Grant application and place license on probation:

The application of Respondent _____ for initial licensure is hereby granted and a license shall be issued to Respondent upon successful completion of all licensing requirements including payment of all fees. Said license shall immediately be revoked, the order of revocation stayed and Respondent's license placed on probation for a period of _____ years on the following conditions:

14. Grant application and place license on probation after applicant completes conditions precedent to reinstatement of the license:

The application filed by _____ for initial licensure is hereby granted and a license shall be issued upon the following conditions precedent (*list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA exam, etc.*):

Upon completion of the conditions precedent above and successful completion of all licensing requirements, Respondent shall be issued a license. However, the license shall be immediately revoked, the revocation shall be stayed, and Respondent shall be placed on probation for a period of ____ years under the following terms and conditions (*list standard and applicable optional conditions of probation*):

15. Deny Application:

The application of Respondent _____ for initial licensure is hereby denied.

STANDARD CONDITIONS OF PROBATION (TO BE INCLUDED IN ALL CASES OF PROBATION)

16. Obey All Laws

Respondent shall obey all federal, California, other states' and local laws, including those rules relating to the practice of public accountancy in California.

17. Cost Reimbursement

Respondent shall reimburse the California Board of Accountancy (CBA) \$_____ for its investigation and prosecution costs. The payment shall be made within __ days/months of the date the CBA's decision is final.

Option: The payment shall be made as follows: _____[specify either prior to the resumption of practice or in quarterly payments (due with quarterly written reports), the final payment being due one year before probation is scheduled to terminate].

18. Submit Written Reports

Respondent shall submit, within 10 days of completion of the quarter, written reports to the California Board of Accountancy (CBA) on a form obtained from the CBA. The Respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to Respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the CBA or its representatives.

19. Personal Appearances

Respondent shall, during the period of probation, appear in person at interviews/meetings as directed by the California Board of Accountancy (CBA) or its designated representatives, provided such notification is accomplished in a timely manner.

20. Comply With Probation

Respondent shall fully comply with the terms and conditions of the probation imposed by the California Board of Accountancy (CBA) and shall cooperate fully with representatives of the CBA in its monitoring and investigation of the Respondent's compliance with probation terms and conditions.

21. Practice Investigation

Respondent shall be subject to, and shall permit, a practice investigation of the Respondent's professional practice. Such a practice investigation shall be conducted by representatives of the California Board of Accountancy (CBA), provided notification of such review is accomplished in a timely manner.

22. Comply With Citations

Respondent shall comply with all final orders resulting from citations issued by the California Board of Accountancy (CBA).

23. Tolling of Probation for Out-of-State Residence/Practice

In the event Respondent should leave California to reside or practice outside this state, Respondent must notify the California Board of Accountancy (CBA) in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the CBA costs, and make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice except at the written direction of the CBA.

24. Violation of Probation

If Respondent violates probation in any respect, the California Board of Accountancy (CBA), after giving Respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against Respondent during probation, the CBA shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.

The CBA's Executive Officer may issue a citation under California Code of Regulations, section 95, to a licensee for a violation of a term or condition contained in a decision placing that licensee on probation.

25. Completion of Probation

Upon successful completion of probation, Respondent's license will be fully restored, unless the California Board of Accountancy (CBA) has ordered that Respondent's license be permanently restricted or limited even after probation has been completed.

26. Ethics Continuing Education

Within (a specified time period (e.g. one year)) of the effective date of the Order **or** Prior to the resumption of practice (where the license has been suspended), Respondent shall complete four hours of continuing education in course subject matter pertaining to the following: a review of nationally recognized codes of conduct emphasizing how the codes relate to professional responsibilities; case-based instruction focusing on real-life situational learning; ethical dilemmas facing the accounting profession; or business ethics, ethical sensitivity, and consumer expectations. Courses must be a minimum of one hour as described in California Code of Regulations section 88.2.

If Respondent fails to complete said courses within the time period provided, Respondent shall so notify the California Board of Accountancy (CBA) and shall cease practice until Respondent completes said courses, has submitted proof of same to the CBA, and has

been notified by the CBA that he or she may resume practice. Failure to complete the required courses within the time period provided shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

27. Regulatory Review Course

Within (a specified time period (e.g. 180 days)) of the effective date of the Order ~~or~~ Prior to the resumption of practice (where the license has been suspended), Respondent shall complete a California Board of Accountancy (CBA) approved course on the provisions of the California Accountancy Act and the (CBA) Regulations specific to the practice of public accountancy in California emphasizing the provisions applicable to current practice situations. The course also will include an overview of historic and recent disciplinary actions taken by the CBA, highlighting the misconduct which led to licensees being disciplined.

If Respondent fails to complete said courses within the time period provided, Respondent shall so notify the CBA and shall cease practice until Respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete the required courses within the time period provided shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

OPTIONAL CONDITIONS OF PROBATION (To Be Included In Cases Where Appropriate)

28. Supervised Practice

Within 30 days of the effective date of this decision, Respondent shall submit to the California Board of Accountancy (CBA) or its designee for its prior approval a plan of practice that shall be monitored by another CPA or PA who provides periodic reports to the CBA or its designee. Respondent shall pay all costs for such monitoring.

29. Restitution

Respondent shall make restitution to _____ in the amount of \$_____ and shall provide the California Board of Accountancy (CBA) with a written release from _____ attesting that full restitution has been paid. Restitution shall be completed before the termination of probation.

Note: Business and Professions Code section 143.5 prohibits the CBA from requiring restitution in disciplinary cases when the CBA's case is based on a complaint or report that has also been the subject of a civil action and that has been settled for monetary damages providing for full and final satisfaction of the parties in the civil action.

30. Probation Monitoring Costs

Respondent shall pay all costs associated with probation monitoring as determined by the California Board of Accountancy (CBA). Such costs shall be payable to the CBA within 30 days. Failure to pay such costs by the deadline(s) as directed shall be considered a violation of probation. If costs are billed after the completion of the probationary period, the obligation to pay the costs shall continue, but the probation shall not be extended.

31. Restricted Practice

Respondent shall be prohibited from _____ (performing certain types of engagements such as audits, reviews, compilations, or other attestation engagements, etc.), and/or from practice in _____ (certain specialty areas, i.e. bookkeeping, write-up, tax, auditing, etc.). The Respondent will be prohibited from performing the above mentioned services until such time that they successfully petition the California Board of Accountancy as listed in BPC section 5115.

32. Engagement Letters

Respondent shall use engagement letters with each engagement accepted during probation and shall provide copies of same to the California Board of Accountancy (CBA) or its designee upon request.

33. Library Reference Materials

Respondent shall have immediate access to, shall use, and shall maintain published materials and/or checklists that are consistent with the practice. Such materials and checklists shall be produced on-site for review by the California Board of Accountancy (CBA) or its designee upon reasonable notice.

34. Peer Review

During the period of probation, all audit, review, and compilation reports and work papers shall be subject to peer review by a Board-recognized peer review program provider pursuant to Business and Professions Code section 5076 and California Code of Regulations, Title 16, Division 1, Article 6, commencing with section 38, at Respondent's expense. The specific engagements to be reviewed shall be at the discretion of the peer reviewer. Within 45 days of the peer review report being accepted by a Board-recognized peer review program provider, Respondent shall submit to the California Board of Accountancy (CBA) a copy of the peer review report, including any materials documenting the prescription of remedial or corrective actions imposed by the Board-recognized peer review program provider. Respondent shall also submit, if available, within 45 days from the date of the request by the CBA or its designee, any materials documenting completion of any prescribed or remedial actions.

Condition 38 shall be used whenever Condition 34 is used.

35. CPA Exam

Within (a specified time period (e.g. one (1) year)) of the effective date of the Order **or** Prior to the resumption of practice (where the license has been suspended), Respondent shall take and pass the (section) of the Uniform CPA Exam.

If Respondent fails to pass said examination within the time period provided, Respondent shall so notify the California Board of Accountancy (CBA) and shall cease practice until Respondent completes and successfully passes said examination, has submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to pass the required examination within the time period provided shall constitute a violation of probation.

36. Continuing Education Courses

Within (a specified time period (e.g. 180 days)) of the effective date of the Order **or** Prior to the resumption of practice (where the license has been suspended), Respondent shall complete and provide proper documentation of (specified) professional education courses within (a designated time).

If Respondent fails to complete said courses within the time period provided, Respondent shall so notify the California Board of Accountancy (CBA) and shall cease practice until Respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete the

required courses within the time period provided shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

37. Active License Status

Respondent shall at all times maintain an active license status with the California Board of Accountancy (CBA), including during any period of suspension. If the license is expired at the time the CBA's decision becomes effective, the license must be renewed within 30 days of the effective date of the decision.

38. Samples - Audit, Review or Compilation

During the period of probation, if the Respondent undertakes an audit, review or compilation engagement, the Respondent shall submit to the California Board of Accountancy (CBA) as an attachment to the required quarterly report a listing of the same. The CBA or its designee may select one or more from each category and the resulting report and financial statement and all related working papers must be submitted to the CBA or its designee upon request.

39. Prohibition from Handling Funds

During the period of probation the Respondent shall engage in no activities which require receiving or disbursing funds for or on behalf of any other person, company, partnership, association, corporation, or other business entity.

40. Community Service - Free Services

Respondent shall participate in a community service program as directed by the California Board of Accountancy (CBA) or its designee in which Respondent provides free professional services on a regular basis to a community or charitable facility or agency, amounting to a minimum of ____ hours. Such services to begin no later than ____ days after Respondent is notified of the program and to be completed no later than _____. Respondent shall submit proof of compliance with this requirement to the CBA. Respondent is entirely responsible for his or her performance in the program and the CBA assumes neither express nor implied responsibility for Respondent's performance nor for the product or services rendered.

41. Relinquish Certificate

Respondent shall relinquish and shall forward or deliver the certificate or permit to practice to the California Board of Accountancy (CBA) office within 10 days of the effective date of this decision and order.

42. Notification to Clients/Cessation of Practice

In orders that provide for a cessation or suspension of practice, Respondent shall comply with procedures provided by the California Board of Accountancy (CBA) or its designee

regarding notification to, and management of, clients.

43. Administrative Penalty

Respondent shall pay to the California Board of Accountancy (CBA) an administrative penalty in the amount of \$_____ for violation of section(s) _____ of the California Accountancy Act. The payment shall be made within ___days/months of the date the CBA's decision is final.

44. Medical Treatment

Respondent shall undergo and continue treatment by a licensed physician of Respondent's choice and approved by the California Board of Accountancy (CBA) or its designee until the treating physician certifies in writing in a report to the CBA or its designee that treatment is no longer necessary. Respondent shall have the treating physician submit reports to the CBA at intervals determined by the CBA or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the CBA of its determination that Respondent is physically fit to practice.

45. Psychotherapist

Respondent shall undergo and continue treatment by a licensed psychotherapist of Respondent's choice and approved by the California Board of Accountancy (CBA) or its designee until the treating psychotherapist certifies in writing in a report to the CBA or its designee that treatment is no longer necessary. Respondent shall have the treating psychotherapist submit reports to the CBA at intervals determined by the CBA or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the CBA of its determination that Respondent is mentally fit to practice.

46. Rehabilitation Program/Chemical Dependence

Respondent shall successfully complete or shall have successfully completed a rehabilitation program for chemical dependence that the California Board of Accountancy (CBA) or its designee approves and shall have reports submitted by the program. If a program was not successfully completed prior to the period of probation, the Respondent, within a reasonable period of time as determined by the CBA or its designee but not exceeding 90 days of the effective date of the decision, shall be enrolled in a program. In addition, Respondent must attend support groups, (e.g. Narcotics Anonymous, Alcoholic Anonymous etc.), as directed by the CBA or its designee. Respondent is responsible for all costs of such a program.

47. Drugs - Abstain From Use

Respondent shall completely abstain from the personal use of all psychotropic drugs, including alcohol, in any form except when the same are lawfully prescribed.

48. Drugs – Screening

Respondent shall participate or shall have participated in a drug screening program acceptable to the California Board of Accountancy (CBA) and shall have reports submitted by the program. Respondent is responsible for all costs associated with said screening and reporting.

49. Biological Fluid Testing

Respondent, at any time during the period of probation, shall fully cooperate with the California Board of Accountancy (CBA) or its designee in its supervision and investigation of compliance with the terms and conditions of probation, and shall, when requested, submit to such tests and samples as the CBA or its designee may require for the detection of alcohol, narcotics, hypnotic, dangerous drugs, or controlled substances. Respondent is responsible for all costs associated with this investigation and testing.

Conditions 44-49 shall be used when evidence indicates Respondent may have physical or mental ailment(s) or conditions(s) which contributed to the violation or when the same are alleged by Respondent to be a contributing factor to the violation(s).



California Board of Accountancy
 2450 Venture Oaks Way, Suite 300
 Sacramento, CA 95833

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PETITION FORM

(See Instructions)

Attachment 4

Please type or print legibly

CPA License Information	
Name	CPA PETITION FOR (Check all that apply) <input type="checkbox"/> Reduction of Penalty <input type="checkbox"/> Reduce or Eliminate Term(s) or Condition(s) <input type="checkbox"/> Terminate Probation <input type="checkbox"/> Reinstatement of Certificate <input type="checkbox"/> Reinstatement a Revoked/ Surrendered License <input type="checkbox"/> Reinstatement a Restricted Area of Practice
Email	
Address	
Telephone No.	
CPA License No.	
Firm License Information	
Name	FIRM PETITION FOR (Check all that apply) <input type="checkbox"/> Reduction of Penalty <input type="checkbox"/> Reduce or Eliminate Term(s) or Condition(s) <input type="checkbox"/> Terminate Probation <input type="checkbox"/> Reinstatement of Certificate <input type="checkbox"/> Reinstatement a Revoked/ Surrendered License <input type="checkbox"/> Reinstatement a Restricted Area of Practice
Email	
Address	
Telephone No.	
Firm License No.	

Academic Degrees			
Degree:			
Name of School:			
Date Degree Granted:			

Other State/Country License Information			
State/Country	License No.	Date Issued	Current Status
State/Country	License No.	Date Issued	Current Status

Practice Prior to Order of Suspension/Probation (List only immediate ten-year period)		
Date	Type of Practice	Location

Your Occupation and Activities Since the Date of the CBA Decision and Order			
Date	Occupation	Duties/Activities	Location

Disciplinary Action
Reason for Discipline:

1. Since the effective date of the Decision and Order, indicate if you have been convicted, as defined in section 490 of the BPC, of any violation of the law in this or any other state, or the United States, or other country, omitting traffic infractions under \$1000 not involving alcohol, dangerous drugs, or controlled substances. Omit charges dismissed under section 1000.3 of the California Penal Code or equivalent non-California laws, or convictions two years or older under California Health and Safety code sections 11357(b), (c), (d), (e), or section 11360(b). Have you been involved in any of the following situations? If you answer YES, please provide a narrative statement giving the full details.
 - A. Charged with or convicted of a violation of Federal or State law?
☐ YES ☐ NO
 - B. Has another governmental or regulatory body or agency disciplined or sanctioned you since the date of the Order?
☐ YES ☐ NO
 - C. Are you now on probation or parole to the courts for any criminal violation(s) in this or any other state?
☐ YES ☐ NO
2. Have you complied with all the laws and CBA Regulations pertaining to the practice of public accounting since the date of the Decision and Order? If NO, please explain and provide details on Page 7.
☐ YES ☐ NO
3. Have you complied with each and every condition of the terms of your probation with the CBA? If NO, please explain and provide details on Page 7.
☐ YES ☐ NO ☐ I am not on probation
4. As part of the petition process, the CBA evaluates the petitioner's compliance with any ordered or voluntary restitution to harmed clients/consumers. Have you made restitution to any parties financially harmed by the violations for which action was taken against your license? If YES, please provide proof of payment. If NO, please explain on Page 7.
☐ YES ☐ NO ☐ Not applicable
5. Pursuant to CBA Regulations section 37.5, as a condition of petitioning the CBA for reinstatement of a revoked or surrendered license, the petitioner shall successfully complete a state and federal level criminal offender record information search conducted through the DOJ. The *Request for Live Scan* and information and instructions regarding the Live Scan process are enclosed. If you are residing out of state, hard cards are enclosed with instructions. **Please note that a petition for reinstatement of a revoked or surrendered license is not considered complete and a petition hearing will not be scheduled if the CBA does not receive notification from the DOJ that the petitioner has completed the Live Scan process.**

6. Have you published any literature since the date of the Decision and Order? If YES, please provide publication name, date article published, and title of article.

☐ YES ☐ NO

Publication Name	Date Published	Article Title

7. Please list all Continuing Professional Education courses, seminars, programs, education, training, etc. completed since the date of the Decision and Order on the **enclosed *Continuing Education Reporting Worksheet*** and **enclose copies of the course completion certificates.**
8. Although letters of recommendation are not required, if you do have letters, they should include a contact address and phone number and be signed under penalty of perjury, as follows:

“I declare under penalty of perjury under the laws of the state of _____ that the foregoing and my attachments, if provided, are true and correct.” (State)

Signature

Date

9. Explain in detail what you are requesting. If you are petitioning for more than one area, provide the details of your request for each area. Include information of whether your petition is for your CPA license, your firm license, or both and explain what is being requested for each license type. (Attach a separate sheet, if necessary.)

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

10. Explain why you believe your petition should be granted. (For termination of probation, include how you believe you have been rehabilitated in less time than was originally set for the probation period.)

[illegible]

11. If the CBA grants your petition, where will you practice and what type of services will you perform? If you will not be performing public accounting services, what type of occupation will you be involved in?

This image shows a blank sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

12. What meeting would you like your petition to be heard at?

13. Do you plan to attend the hearing before the CBA in the matter of this Petition?

☐ YES ☐ NO

14. Do you plan to have legal counsel represent you at the hearing before the CBA in the matter of this Petition?

☐ YES ☐ NO

Legal Counsel Name

Firm Name

Address

Telephone No.

I herewith submit this Petition, as required by the California State Board of Accountancy, and declare under penalty of perjury that I have read the foregoing petition in its entirety and know its contents, and that all statements are true in every respect, and I understand that misstatements or omissions of material fact may be cause for denial of the petition.

(Signature)

(Date)

Please return completed form to:

**California Board of Accountancy
Enforcement Division
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
Attn: Petitions**

NARRATIVE EXPLANATION

PERSONAL INFORMATION COLLECTION AND ACCESS NOTICE

The California Board of Accountancy (CBA) collects the information requested on this form as authorized by Business and Professions Code Sections 325, 326, and 5103. The personal information collected is used principally to administer and to enforce licensing standards set by law and regulation. The personal information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the CBA or the transferee agency to perform its statutory or constitutional duties, or otherwise transferred or disclosed as permitted by the Information Practices Act. Each individual has the right to review his or her personal information in his or her file, except as otherwise permitted by the Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act and Information Practices Act.

POLICY OF NONDISCRIMINATION ON THE BASIS OF DISABILITY AND EQUAL EMPLOYMENT OPPORTUNITY

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An Americans with Disabilities Act (ADA) coordinator has been designated to coordinate and carry out this agency's compliance with the nondiscrimination requirements of Title II of the ADA. Information concerning the provisions of the ADA, and the rights provided thereunder, is available from:

ADA Coordinator
California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, California 95833



California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



CPC Item III.
CBA Item XV.B.2.
November 16-17, 2023

Discussion and Possible Action on the National Association of State Boards of Accountancy's Credit Relief Initiative

Presented by: Patricia Ritter, Coordinator, Examination Unit

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) the opportunity to discuss and take possible action on recommendations from the National Association of State Boards of Accountancy (NASBA) regarding a Credit Relief Initiative (CRI).

Consumer Protection Objectives

Requiring applicants for certified public accountant (CPA) licensure meet specified requirements, including passing the Uniform CPA Examination (CPA Exam), assists the CBA in meeting its consumer protection mission by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

Actions Needed

The CBA is being asked to review and discuss the CRI, direct staff on any next steps, and act, as appropriate.

Background

The CPA candidate pipeline concern was heightened during the COVID-19 pandemic due to illness and closures at test centers, childcare centers, and schools/colleges/universities etc. In response, the CBA and NASBA initiated multiple automatic extensions for CPA Exam credit and Notices to Schedule (NTS). NASBA has recently also recommended implementation of a Credit Relief Initiative, formerly referred to as Amnesty.

Automatic Extensions

The unprecedented emergency of the COVID-19 pandemic necessitated NASBA and CBA to take immediate action. NASBA automatically extended NTSs and CPA Exam credit with expiration dates from April 1, 2020 through December 30, 2020 to December 31, 2020. After the automatic extension period, the CBA continued to consider extension requests made by candidates on a case-by-case basis under the authority of California Code of Regulations section 7.1 (**Attachment 1**).

Discussion and Possible Action on the National Association of State Boards of Accountancy's Credit Relief Initiative

Page 2 of 5

Credit Relief Initiative

At the February 2023 NASBA Annual Conference for Executive Directors and State Board Staff, NASBA announced it was researching the implementation of an initiative called Amnesty, now referred to as the CRI. This program would invite CPA Exam candidates who lost credit due to the disruption of COVID-19, to return to the CPA Exam testing process by reinstating earned test credit.

Additional Credit Changes

While not in response to the COVID-19 pandemic, the credit extension policy and conditional credit increase to 30 months described below provide background regarding extensions and credit increases currently in progress for candidates and is important to consider when considering the CRI.

Credit Extension Policy

On June 1, 2022, NASBA notified state boards of accountancy that it was anticipating candidates with conditional credit would be negatively impacted by limited opportunities to test in 2023 due to the transition to a new CPA Exam in 2024. Therefore, NASBA recommended that CPA Exam credit held on January 1, 2024, be extended to June 30, 2025.

At its September 2022 meeting, the CBA took action on the NASBA recommendation by initiating a rulemaking that included the credit extension policy. Upon approval by the Office of Administrative Law (OAL), the regulations will extend credit held on December 31, 2023 to June 30, 2025.¹

Conditional Credit Increase to 30 Months

On April 24, 2023, NASBA recommended state boards of accountancy adopt its Uniform Accountancy Act Model Rules amendment to allow candidates 30 months, instead of 18 months, from the date initial credit is earned to successfully complete remaining sections of the CPA Exam. NASBA recommended an implementation date of January 1, 2024, but no later than July 1, 2025.

At its July 2023 meeting, the CBA approved amended regulatory text to increase the conditional credit rolling period from 18 months to 30 months effective January 1, 2024.

Comments

In January 2023, NASBA recommended taking the concept of CRI to the Computer Based Testing (CBT) Administration Committee for consideration. The CBT Administration Committee formed a task force made up of CBT representatives and the

¹ Due to an oversight, staff did not notice that NASBA's final recommendation included a start date of January 1, 2024, and not December 31, 2023. Given modifying the proposed regulations could negatively impact candidates, staff did not initiate such an update.

Discussion and Possible Action on the National Association of State Boards of Accountancy's Credit Relief Initiative

Page 3 of 5

Executive Director's Committee. The task force presented the CRI recommendation to the CBT Administration Committee for approval.

At the American Institute of CPAs' (AICPA) 2023 Spring meeting, the [Pipeline Acceleration Plan](#) was expanded with additional details.² The expanded plan included input from stakeholders and increased from eight points to 12. The Pipeline Acceleration Plan states: "NASBA is exploring the feasibility of a relief program through which candidates who have lost credit from 2020 to-date will have their credit restored. This program would benefit upward of 18,000 candidates who lost credit during the global COVID-19 pandemic."

On August 8, 2023, the AICPA and the largest firms in the United States drafted and sent a letter of support to NASBA regarding the initiative to restore credit to CPA Exam candidates that lost credit during COVID-19 (**Attachment 2**). The letter encouraged the state boards of accountancy to act regarding this initiative.

On August 29, 2023, NASBA sent a letter to the state boards of accountancy with its recommendation that the boards of accountancy consider adopting a one-time CRI (**Attachment 3**). Following the release of the recommendation, NASBA hosted [webinars](#) on September 7 and 11, 2023 to summarize the recommendation and answer state board of accountancy questions.

The CRI recommendation was founded on the following principles:

- Easy to understand and communicate.
- Minimize changes to state board statutes and rules.
- Should provide assistance to the candidates that had lost credit during the COVID-19 pandemic.

In recognition of differences in authority, NASBA provided two CRI recommendations:

1. For Jurisdictions that can adopt en masse:
"In response to significant health, economic, education, and travel disruptions resulting in CPA Examination candidate hardships, the Board of Accountancy will extend credit periods through June 30, 2025, for CPA Examination credits that expired from January 30, 2020 through May 11, 2023."^{3, 4}
2. For Jurisdictions that cannot adopt en masse:
"In response to significant health, economic, education, and travel disruptions resulting in CPA Examination candidate hardships, the Board of Accountancy will

² The AICPA first released an iteration of the Pipeline Acceleration Plan in February 2023. This initial version did not include information on Amnesty/CRI. The AICPA has updated the plan on multiple occasions.

³ The United States Department of Health and Human Services declared a national Public Health Emergency.

⁴ The United States Department of Health and Human Services announced the expiration of the national Public Health Emergency.

Discussion and Possible Action on the National Association of State Boards of Accountancy's Credit Relief Initiative

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consider individual candidate requests to extend credit periods through June 30, 2025, for CPA Examination credits that expired from January 30, 2020 through May 11, 2023.”

The primary goal of this initiative is to bolster the pipeline with former candidates who may have an interest in completing the CPA Exam and becoming a CPA. Due to the unknown impact on CBA resources and given the number of potential candidates, staff do not believe option two is feasible.

If the CBA decides to proceed with CRI, it will need to establish the date range for the CRI relief. NASBA based their CRI dates on the United States Department of Health and Human Services declaration of a National Public Health Emergency from January 31, 2020 through May 11, 2023 (**Attachment 4**). CBA estimates 2,423 California candidates had 3,195 section credits expire during this period.

Alternatively, CBA could consider CRI dates based on California's State of Emergency. Staff is aware that other state boards of accountancy are considering state-specific date ranges in lieu of the National Public Health Emergency dates. California declared a State of Emergency due to COVID-19 from March 4, 2020 to February 28, 2023 (**Attachment 5**). CBA estimates 2,347 California candidates had 3,069 section credits expire during this period.

Fiscal/Economic Impact Considerations

There would be an impact on staff and resources. The impact may not be absorbable if the CBA selects NASBA's second recommendation that requires each applicant individually apply to the CBA for CRI consideration.

Recommendation

Staff do not have a recommendation on this agenda item other than staff do not believe handling the requests on a case-by-case basis presents an effective option.

The CBA may provide feedback to staff, or it may consider adopting CRI. If the CBA elects to adopt CRI, it may elect to use one of the following options for a motion.

Motion Option 1 – CRI with National Public Health Emergency Dates:

Extend CPA Exam credit that expired from January 30, 2020 through May 11, 2023 to June 30, 2025 due to the COVID-19 pandemic natural disaster.

Motion Option 2 – CRI with California State of Emergency Dates:

Extend CPA Exam credit that expired from March 4, 2020 through February 28, 2023 to June 30, 2025 due to the COVID-19 pandemic natural disaster.

Discussion and Possible Action on the National Association of State Boards of Accountancy's Credit Relief Initiative

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Attachments

1. California Code of Regulations, Title 16, Section 7.1
2. August 8, 2023 AICPA and Firm Credit Extension Support Letter
3. August 29, 2023 NASBA Letter Regarding Credit Relief Initiative
4. Credit Relief Initiative Timeline - National Public Health Emergency
5. Credit Relief Initiative Timeline - California State of Emergency



California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



Attachment 1

California Code of Regulations

Section 7.1 – Credit Status for the Computerized Uniform CPA Examination

(a) Upon the commencement of computer-based testing in California, an applicant may sit for the four sections of the computer-based Uniform Certified Public Accountant Examination individually and in any order. An applicant who fails to pass any section of the examination may retake that section. When the applicant has credit for all four sections of the examination within an 18-month period as defined in subsection (b), the applicant shall be considered to have passed the examination.

(b) Except as provided in subsections (c) and (d), an applicant shall retain credit for any section the applicant has passed for an 18-month period beginning with the date that the section of the exam was passed. At the end of the 18-month period, credit for that section expires, and that section must be re-taken and passed to re-establish credit.

(c) A candidate may sit for any unpassed section of the examination only one time during each testing window. A testing window is a three-month period as determined by the American Institute of Certified Public Accountants during which applicants may take the exam. There are four three-month testing windows in a year. To allow for routine maintenance, the exam may be unavailable for up to one month during each testing window.

(d) Credit for passed examination sections may be extended by the Board because the applicant was prevented from sitting for an unpassed section or sections before credit for passed sections expired pursuant to subsections (b) or (c) because of one of the following events:

(1) Death of an immediate family member. Documentation, such as a copy of the death certificate, must be submitted.

(2) Catastrophic illness, contagious disease, or major traumatic injury to the candidate or immediate family member (spouse, child or parent). Submit an original letter on letterhead from the physician, which includes the date(s), nature of the illness, and the physician's signature.

(3) Natural disaster (earthquake, flood, fire, etc.).

(4) Non-issuance of visa for travel to the U.S. Documentation, such as an official letter from the U.S. Embassy or a copy of the passport indicating a visa was requested, must

be submitted.

(5) Other good cause.

NOTE: Authority cited: Section 5010, Business and Professions Code. Reference: Sections 5081, 5082, 5082.1, 5082.2, 5092 and 5093, Business and Professions Code.



August 8, 2023

Ken Bishop
President and CEO
National Association of State Boards of Accountancy
50 Fourth Ave. North, Suite 700
Nashville, TN 37219-2417

Dear Mr. Bishop:

As the National Association of State Boards of Accountancy (NASBA) and state boards of accountancy continue to address challenges related to the CPA pipeline the AICPA, and the largest CPA firms in the United States, support the initiative to reinstate credit to CPA Exam candidates for sections successfully earned during 2020-2023 but lost during the COVID-19 pandemic. We understand the NASBA Board of Directors is recommending state boards of accountancy extend lapsed examination credits to encourage CPA candidates to re-enter their career paths to becoming CPAs, and as key stakeholders within the profession, we strongly encourage state boards to grant this extension.

We support the exam reprieve as a logical and practical move that will encourage qualified CPA candidates to continue their professional journey, while maintaining the high standards of rigor required by passing the CPA Exam. By recognizing the unusual challenges of the recent pandemic, we are enabling future CPAs to come back into the pipeline, while still protecting the public.

The firms represented in this letter encourage state boards of accountancy to take the recommended action to grant reprieve to candidates impacted by the pandemic, and you are welcome to share our support with state boards of accountancy across the country. We commend NASBA and state boards of accountancy for addressing the problem of lost credit in a creative manner that benefits both the public and the CPA profession.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Coffey", is enclosed within a thin black rectangular border.

Susan S. Coffey, CPA, CGMA
Chief Executive Officer – Public Accounting

Attachment: CPA firms supporting CPA exam COVID reprieve

CPA firms supporting CPA exam COVID reprieve

- AAF CPAs
- Aldrich CPAs + Advisors LLP
- Anchin
- Anders CPAs + Advisors
- Aprio, LLP
- Baker Newman Noyes
- Bennett Thrasher LLP
- BPM LLC
- Carr, Riggs & Ingram, LLC
- CBIZ & MHM
- Cherry Bekaert Advisory LLC
- Cherry Bekaert LLP
- Citrin Cooperman
- Citrin Cooperman Advisory LLC
- Clark Number P.S.
- CliftonLarsonAllen (CLA)
- Cohen & Co
- Cohn Reznick LLP
- Crowe LLP
- Doeren Mayhew
- Eide Bally LLP
- EisnerAmper LLP
- FORVIS
- Frank, Rimerman + Co, LLP
- Haynie & Company
- Hill, Barth & King LLC (HBK CPAs & Consultants)
- HoganTaylor LLP
- Holthouse Carlin & Van Trigt, LLP
- Jackson Thornton & Co., P.C.
- Katz Sapper & Miller LLP
- KLR
- LBMC, PC
- Lutz & Co. PC
- Marcum LLP
- Mauldin & Jenkins, LLC
- Mazars USA LLP
- Miller, Cooper & Co., Ltd.
- Mountjoy Chilton Medley LLP (MCM)

- PBMares LLP
- Pinion
- PKF O'Connor Davies LLP
- Plante Moran
- Rea and Associates, Inc.
- REDW LLC
- Rehmann
- RKL
- RSM US LLP
- RubinBrown LLP
- Sax LLP
- Schellman & Company LLC
- Schneider Downs & Co. Inc
- SingerLewak LLP
- Squire & Co
- The Bonadio Group
- Warren Averett LLC
- Weaver
- Wipfli LLP
- Withum
- Sensiba LLP
- Kemper CPA Group, LLP
- Blue & Co., LLC
- Windes
- Clark Schaefer Hackett
- Berkowitz Pollack Brant
- Moss Adams
- Baker Tilly US, LLP
- Armanino
- MGO
- Kaufman Rossin



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880/4290 ♦ Web www.nasba.org

August 29, 2023

Dear Board of Accountancy Chairs and Executive Directors:

In an effort to address continuing concerns regarding the CPA pipeline, NASBA's CBT Administration Committee is recommending Boards of Accountancy consider adopting a one-time credit relief initiative. We encourage board adoption of this initiative as soon as possible and have provided recommended language below.

A task force including representatives of the CBT Administration Committee and executive directors from the Executive Directors Committee developed language, which was approved for recommendation by the CBT Administration Committee for dissemination to the state boards. This credit relief initiative is also fully supported by the NASBA Board of Directors. In addition, this general concept has been circulated with state societies and CPA firms in recent months and embraced with significant enthusiasm.

As the task force considered the initiative, it realized that some state boards have the ability to adopt such an initiative en masse for all candidates to which it applies. Other state boards must apply it on a case-by-case basis by request. Given this, two separate recommendations are provided, as appropriate:

Jurisdictions that CAN adopt en masse for candidates:

In response to significant health, economic, education, and travel disruptions resulting in CPA Examination candidate hardships, the Board of Accountancy will extend credit periods through June 30, 2025, for CPA Examination credits that expired from January 30, 2020⁽¹⁾ through May 11, 2023⁽²⁾, which have not been subsequently replaced by new credits for the same sections.

⁽¹⁾ The United States Department of Health and Human Services declared a national Public Health Emergency.

⁽²⁾The United States Department of Health and Human Services announced the expiration of the national Public Health Emergency.

Jurisdictions that CANNOT adopt en masse extensions for candidates:

In response to significant health, economic, education, and travel disruptions resulting in CPA Examination candidate hardships, the Board of Accountancy will consider individual candidate requests to extend credit periods through June 30, 2025, for CPA Examination credits that expired from January 30, 2020⁽¹⁾ through May 11, 2023⁽²⁾, which have not been subsequently replaced by new credits for the same sections.

⁽¹⁾ The United States Department of Health and Human Services declared a national Public Health Emergency.

⁽²⁾ The United States Department of Health and Human Services announced the expiration of the national Public Health Emergency.

Please note that NASBA can provide lists of candidate information for those meeting the criteria established by the board. Also, NASBA will be pleased to assist boards in determining candidates who are eligible for this initiative and will develop communications, which can be used when contacting affected individuals.

Frequently Asked Questions (FAQs) and talking points for boards are currently under development and will be shared shortly, as we understand that questions regarding this initiative and its implementation are certain. NASBA will host a webinar at two different times for convenience for board members and board staff (September 7, 2023, from 10-11 a.m. CDT and September 11, 2023, from 3-4 p.m. CDT). The recommended credit relief initiative and FAQs will be discussed, and time will be allowed for questions.

We would appreciate it if you would share this communication with your board members to give them context for the recommendation before the webinars. Invitations to the webinars will be sent to all board members shortly, though we have provided registration links below for your convenience.

September 7 Registration:
10:00 - 11:00 a.m. CDT

Register Now

September 11 Registration:
3:00 - 4:00 p.m. CDT

Register Now

We do understand that some boards may choose not to adopt this initiative or may be restricted to dates other than those recommended.

If you have any questions, please contact Patricia Hartman, NASBA Director of Client Services, at 615-880-4273 or phartman@nasba.org. Pat and other NASBA senior staff are available to attend your board meetings virtually over the coming weeks and months to answer questions and to provide further background information regarding the recommendation of the Committee if that would be helpful.

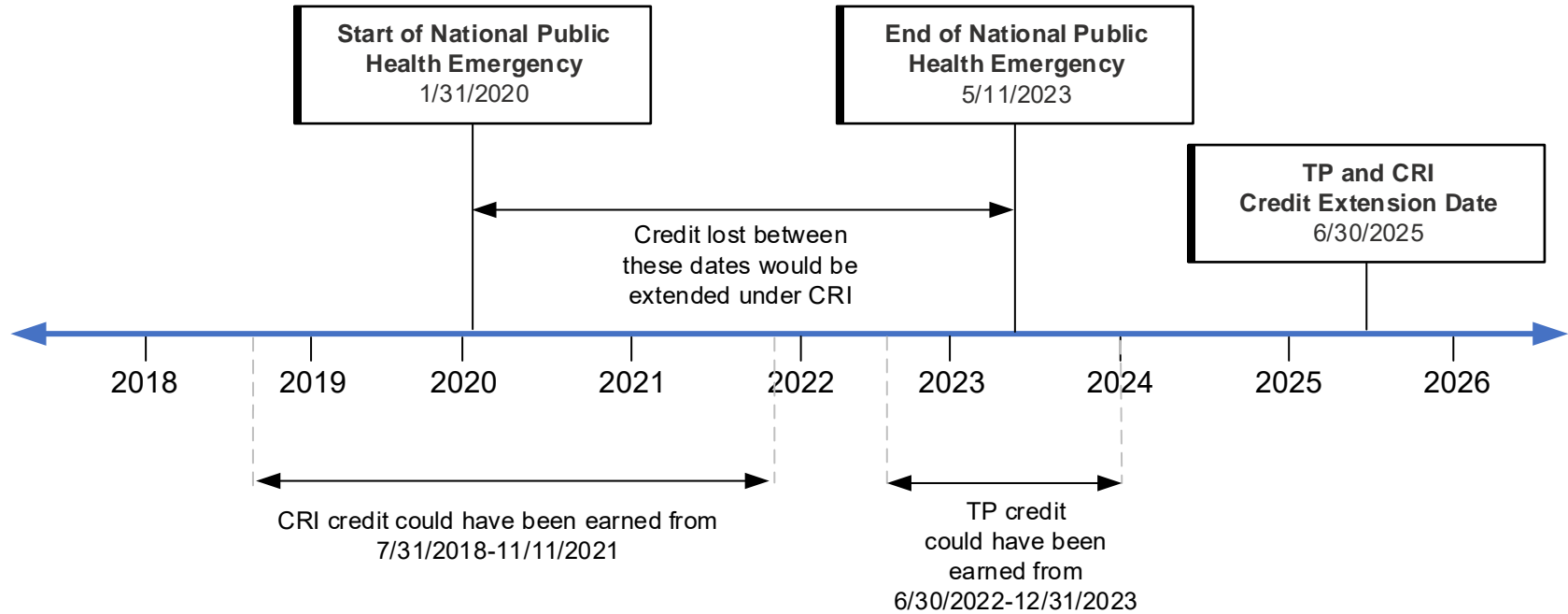
Thank you for your consideration of this matter.

Sincerely,

Gerald Weinstein, CPA
Chair, CBT Administration Committee
weinstein@jcu.edu

Cc: NASBA Board of Directors

Credit Relief Initiative Timeline - National Public Health Emergency



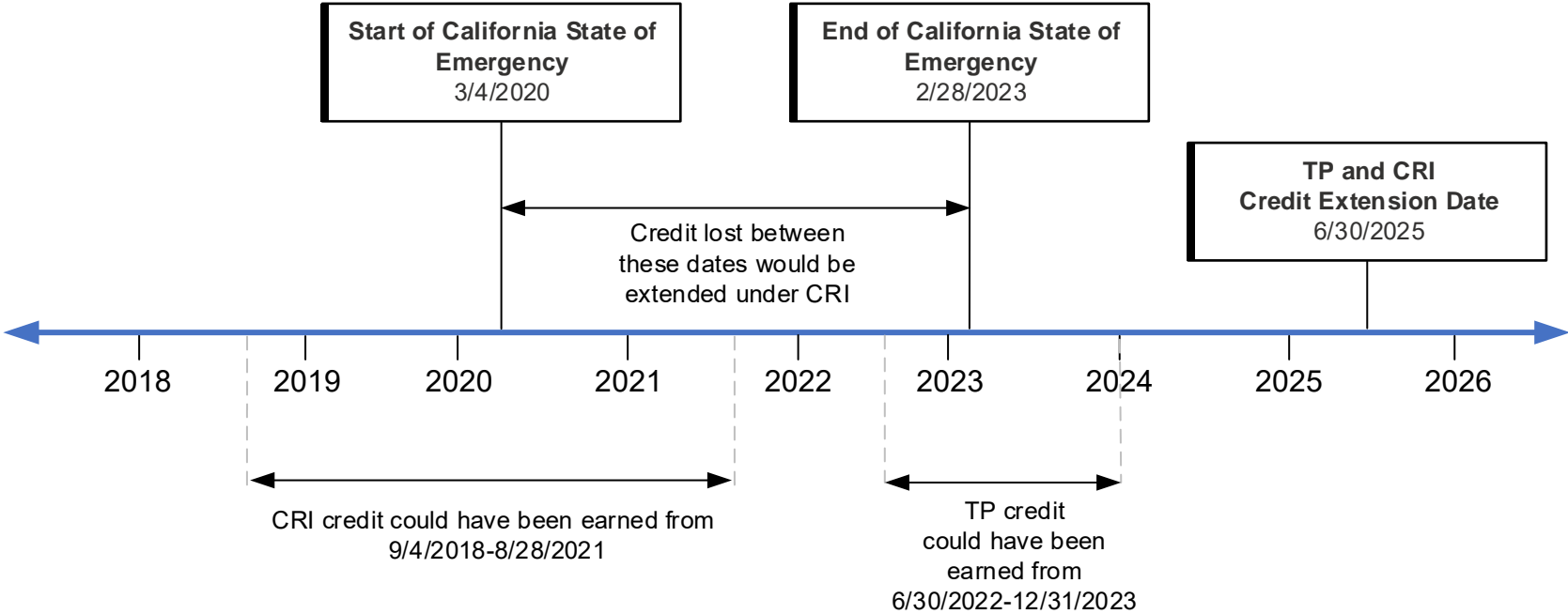
Legend

CRI: Credit Relief Initiative

TP: Transition Policy*

*Transition policy extension is pending approval via a regulatory package.

Credit Relief Initiative Timeline - California State of Emergency



Legend
 CRI: Credit Relief Initiative
 TP: Transition Policy*

*Transition policy extension is pending approval via a regulatory package.



California Board of Accountancy
2450 Venture Oaks Way, Suite 300
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CPC Item IV.
CBA Item XV.B.3.
November 16-17, 2023

Discussion on a Possible Pathway for Firm Owners Licensed with General Accounting Experience to Obtain Authority to Sign Attest Reports

Presented by: Sarah Benedict, Manager, License Renewal and Continuing Competency Unit

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) an opportunity to review, discuss, and provide direction on a possible pathway for Certified Public Accountant (CPA) firm owners who are licensed with general accounting experience (General authority) to gain the experience necessary to convert their license to one with the authority to sign reports on attest engagements (Attest authority).

Consumer Protection Objectives

Requiring licensees to obtain experience in attest engagements prior to be issued authority to sign reports on attest engagements assists the CBA in meeting its consumer protection mission by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

Action(s) Needed

The CBA is being asked to review and discuss the possible pathway for firm owners with General authority to gain the experience necessary to convert their license to one with Attest authority and provide initial feedback to staff.

Background

The Consideration of the Certified Public Accountant Experience Requirements Taskforce (CERT) was formed in 2022 to evaluate the experience requirements for CPA licensure, specifically the necessity and sufficiency of the attest experience requirement in Business and Professions Code (BPC) section 5095 (**Attachment 1**) and California Code of Regulations (CCR) section 12.5 (**Attachment 2**).

CERT was tasked with answering the question "Is the present attest experience requirement necessary and sufficient to support the CBA mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with professional standards?" CERT conducted several meetings exploring numerous topics surrounding this question.

Discussion on a Possible Pathway for Firm Owners Licensed with General Accounting Experience to Obtain Authority to Sign Attest Reports

Page 2 of 4

At its November 2022 meeting, the CBA adopted CERT's first recommendation, that the attest experience requirement is necessary for the authority to sign reports on attest engagements.

At its January 2023 meeting, the CBA adopted CERT's second recommendation, that the current attest experience requirement is sufficient for licensure. Additionally, the CBA approved CERT recommendations directed to staff, including the following:

- Create a pathway to allow for accounting firm owners to obtain qualifying attest experience.
 - a. A pathway should be established for licensees who are firm owners to obtain the necessary experience that would allow them to convert their license to one with attest authority, and
 - b. A pathway should be considered that includes a written, signed agreement with a licensee outside of their firm to provide for subject matter expertise and an oversight relationship.
 - c. The pathway should address characteristics that the approver of the experience should have including:
 - i. Having a license with attest authority.
 - ii. Being a highly qualified subject matter expert such as being a firm partner or a peer reviewer.
 - d. Having independence in their judgement regarding the firm owner's satisfactory completion of the attest experience.
 - e. The firm or licensee providing the supervision should have successfully passed their most recent peer review.

Comments

Staff sought the input and guidance from Nasi Raissian, CPA, Enforcement Advisory Committee member and former Qualifications Committee (QC) member, and Michael Williams, CPA, QC Chair, in the development of a proposed solution. Also, staff shared the pathway with the California Society of CPAs (CalCPA), a CPA liability insurance provider, and the National Association of State Boards of Accountancy to obtain feedback which staff incorporated into the pathway.

The goal was to provide a pathway for license conversion for firm owners that also recognized that the CBA determined attest experience was necessary for consumer protection. The CBA currently has a pathway that allows for licensees to convert their license from one without attest authority to one with attest authority (Application Type F). This pathway is not available to firm owners because they lack a supervisor to complete a Certificate of Attest Experience. CCR section 12.5 requires a supervisor with authority and oversight over the applicant that reviews and evaluates the applicant's work on a routine and recurring basis to complete the Certificate of Attest Experience.

Discussion on a Possible Pathway for Firm Owners Licensed with General Accounting Experience to Obtain Authority to Sign Attest Reports

Page 3 of 4

The proposed pathway creates a subcategory within the current Application Type F specific to firm owner's (Application Type F-Owner). The proposed pathway would require the applicant's firm to enter into a written agreement (*i.e.*, engagement letter) that allows for a Third-Party Attest Monitor (Monitor) to serve in a role like that of a supervisor. Additionally, the pathway would require the applicant and Monitor to appear before the QC prior to granting the license conversion. The following describes requirements related to the applicant, Monitor, and engagement letter:

Applicant Eligibility

The following eligibility requirements are recommended for applicants seeking to convert their license to one with attest authority:

- Applicant is licensed in California but does not have the authority to sign reports on attest engagements.
- Applicant is a firm owner and therefore does not have a supervisor with authority and oversight over them that reviews and evaluates their work on a routine and recurring basis.
- The applicant's firm must have in its employ at least one licensee with the authority to sign reports on attest engagements.

Third-Party Attest Monitor Eligibility

The Monitor independently and routinely reviews and evaluates the work of the applicant seeking to convert their license. The following eligibility requirements are recommended for the Monitor:

- Monitor maintains a valid and active California CPA license with the authority to sign reports on attest engagements during the time of the engagement letter with the licensee's firm.
- Monitor (or the Monitor's firm) must have a current pass on their most recent peer review and must maintain a pass status during the life of the engagement letter.
- Monitor is not employed by the applicant or the applicant's firm and only serves as a monitor as specified in the engagement letter.
- Monitor has current and applicable public accounting experience demonstrated by actively working as a CPA performing attest functions for at least five of the last 10 years.
- Monitor has current knowledge of professional and quality control standards applicable to the industry of the applicant's firm demonstrated by having public accounting experience in the specific industry of at least one year of the last five years.
- Monitor is currently active in public practice at a supervisory level in the attest functions of a firm, as a partner, manager, or person with equivalent supervisory responsibilities. Currently active means the Monitor supervises one or more of the firm's auditing engagements or carries out a quality control function on the firm's attest engagements.

Discussion on a Possible Pathway for Firm Owners Licensed with General Accounting Experience to Obtain Authority to Sign Attest Reports

Page 4 of 4

Engagement Letter Requirements

The CBA may wish to provide engagement letter templates that include, but are not limited to:

- An affirmation that the Monitor meets the eligibility requirements and will notify the applicant's firm within 10 working days if their eligibility is lost.
- The right of the Monitor to access the applicant's firm files/data specific to attest engagements the licensee is working on.
- Confidentiality and non-disclosure requirements.
- The Monitor is free from any obligation to or interest in the applicant and the applicant's firm.
- The Monitor shall be independent of the applicant's clients as defined by CCR section 65 (**Attachment 3**).
- The Monitor shall truthfully complete the Certificate of Attest Experience referenced in CCR section 12.5(b) (**Attachment 2**).
- The responsibility of the Monitor to provide routine feedback to the applicant as it relates to reviews and evaluations of their work.
- The responsibility of the Monitor to complete the required verification necessary for the applicant to submit a CBA license conversion application.
- The responsibility of the applicant and the Monitor to appear before the QC as a condition of license approval.
- The responsibility of the applicant to notify attest clients of the arrangement between the applicant's firm and the Monitor's firm, and that the applicant's firm is responsible for the engagement.

On October 25, 2023, staff shared the proposed pathway with the QC. Members engaged in a robust conversation and provided staff with several items for consideration. Specifically, the QC requested that the CBA engage in conversations with firm owners who wish to convert their license from one with general accounting experience to one with the authority to sign reports on attest engagements, and licensees who may be suitable Monitors. Staff agree that additional input on this technical topic should be sought.

Fiscal/Economic Impact Considerations

Fiscal impacts may include the fee a Monitor charges the firm owner to perform supervisory services. A complete fiscal analysis would be completed if regulatory amendments are proposed.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachments

1. Business and Professions Code section 5095
2. California Code of Regulations, Title 16, section 12.5
3. California Code of Regulations, Title 15, section 65



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Attachment 1

Business and Professions Code, Division 3, Chapter 1, Article 5

Section 5095

- (a) To be authorized to sign reports on attest engagements, a licensee shall complete a minimum of 500 hours of experience, satisfactory to the board, in attest services.
- (b) To qualify under this section, attest experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy and provide attest services, and this experience shall be verified. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy and perform attest services, and this experience shall be verified. An applicant may be required to present work papers or other evidence substantiating that the applicant has met the requirements of this section and any applicable regulations.
- (c) The board shall adopt regulations to implement this section, including, but not limited to, a procedure for applicants under Section 5092 or Section 5093 to qualify under this section.

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**Attachment 2****California Code of Regulations, Title 16, Division 1****Section 12.5: Attest Experience Under Business and Professions Code Section 5095**

(a) To be authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095, an applicant for a California Certified Public Accountant license pursuant to Business and Professions Code Sections 5087, or 5093 or holder of an unexpired, valid, active California Certified Public Accountant license issued pursuant to Business and Professions Code Sections 5087, 5092, or 5093 shall show to the satisfaction of the Board that they meet the requirements of this section and Business and Professions Code Section 5095.

(1) Some or all of the experience required by Section 5095 and this section may be completed prior to issuance of the California Certified Public Accountant license. Any experience that would be qualifying for purposes of Section 5095 and this section may also serve as qualifying experience for purposes of Section 5093. To be qualifying for purposes of Section 5095 and this section, any experience obtained after issuance of the California Certified Public Accountant license must be obtained while the license is held in active status.

(2) A holder of an active California Certified Public Accountant license may commence signing reports on attest engagements upon receipt of notification from the Board that they have met the requirements of this section and Business and Professions Code Section 5095. A holder of an inactive California Certified Public Accountant license may apply under this section, but must convert the license to active status before commencing to sign reports on attest engagements.

(3) An applicant for the California Certified Public Accountant license who has met the requirements of this section and Business and Professions Code Section 5095 may commence signing reports on attest engagements upon license issuance.

(b) In order to meet the attest experience requirements of Section 5095 an applicant for or holder of a California Certified Public Accountant license shall show to the satisfaction of the Board that the applicant has completed a minimum of 500 hours of attest experience. This experience shall include all of the following:

(1) Experience in the planning of the audit including the selection of the procedures to be performed.

(2) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements.

(3) Experience in the preparation of working papers in connection with the various elements of (1) and (2) above.

(4) Experience in the preparation of written explanations and comments on the work performed and its findings.

(5) Experience in the preparation of and reporting on full disclosure financial statements as part of the Audit or other Attest Services. This does not include experience earned through the performance of preparation engagements in accordance with the provisions of the Statements on Standards for Accounting and Review Services (SSARS).

(c) Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is not qualifying.

(d) In order to be qualifying, experience obtained pursuant to Section 5095 of the Business and Professions Code must be supervised by a person holding a valid active license or comparable authority to provide attest services as specified in subdivision (b) of Business and Professions Code Section 5095. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.

(1) Experience shall be verified by the licensee supervising the experience..

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(3)(A) The verification shall be submitted to the Board on Form 11A-7 (1/22) for attest accounting experience, which is hereby incorporated by reference, and shall be signed under penalty of perjury.

(B) If the applicant is unable to obtain the verification required in subsection (d)(3)(A), the Board may approve another form of verification if it contains the information as required in subsection (d)(3)(A).

(e) In order to demonstrate the completion of qualifying experience, an applicant for or holder of a California Certified Public Accountant license may be required to appear before the Qualifications Committee to present work papers, or other evidence, substantiating that their experience meets the requirements of Section 5095 of the Business and Professions Code and of subsection (b) of this section.

(f) The applicant who is applying with attest experience obtained outside the United States and its territories must present work papers substantiating that such experience meets the requirements of subsection (b) and generally accepted auditing standards.

Alternatively, the applicant may acquire a minimum of 500 hours of United States experience which meets the requirements of Business and Professions Code Section 5095 and subsection (b).

(g) An applicant who is applying with experience obtained five (5) or more years prior to application and who has not passed the Uniform CPA Examination during this five-year period shall be required to complete 80 hours of continuing education, which shall meet the following requirements:

(1) The 80 hours must be completed in the two years preceding approval of the application by the Board.

(2) All 80 hours must meet the requirements as described in Section 88.

(3) The 80 hours must include, at a minimum, the following:

(A) 16 hours in financial accounting standards.

(B) 16 hours in auditing standards.

(C) 8 hours in compilation and review.

(D) 8 hours in other comprehensive basis of accounting.

(E) 8 hours in the prevention, detection, and/or reporting of fraud affecting financial statements.

(F) 24 hours in courses that meet the requirements of Section 87(a)(2) or Section 87(a)(3).

(4) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas for which the applicant may claim credit.

(h) The experience required by Section 5093, or 5095 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least one year of full-time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

NOTE: Authority cited: Sections 5010 and 5095, Business and Professions Code.
Reference: Sections 5023, 5092, 5093 and 5095, Business and Professions Code.



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Attachment 3

California Code of Regulations, Title 16, Division 1

Section 65: Independence

A licensee shall be independent in the performance of services in accordance with professional standards.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code.
Reference: Section 5018, Business and Professions Code.



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CBA Item XVI.A-C.
November 16-17, 2023

Officer Elections

Presented by: Katrina L. Salazar, CPA, President

Purpose of the Item

The purpose of this agenda item is to present the California Board of Accountancy (CBA) with statements of qualifications submitted by members for consideration for Officer Elections at the November 2023 meeting.

Consumer Protection Objectives

This agenda item is a necessary part of the CBA's normal course of business, to assist the CBA in continuing to meet its mission of consumer protection as mandated in Business and Professions Code section 5000.1.

Action(s) Needed

It is requested that CBA members consider all applicant's statements, including any additional candidates who express interest at the CBA meeting.

Background

The statements of qualifications are presented at the November CBA meeting. The President shall ask if there are any additional candidates for the officer positions. All candidates may be given up to five minutes of floor time to describe why they are qualified for the position.

The vote for officer positions will be held in the following order: Secretary/Treasurer, Vice President, and President. The vote will be taken for each position nominee, starting in alphabetical order by the candidate's last name. Members can vote Yes, No, or Abstain. The first nominee to receive a majority vote will win the officer position.

The President, Vice President, and Secretary/Treasurer serve a one-year term and may not serve more than two consecutive one-year terms. The newly elected President, Vice President, and Secretary/Treasurer shall assume the duties of their respective offices at the conclusion of the November meeting at which they were elected.

Officer Elections

Page 2 of 2

Comments

The following members have submitted statements of qualifications:

- Kristian Latta, CPA – Secretary/Treasurer (**Attachment 1**)
- Yen C. Tu – Vice President (**Attachment 2**)
- Joseph Rosenbaum, CPA – President (**Attachment 3**)

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachments

1. Statement of Qualifications for Kristian Latta, CPA
2. Statement of Qualifications for Yen C. Tu
3. Statement of Qualifications for Joseph Rosenbaum, CPA

KRISTIAN LATTA, CPA

Statement of Qualifications for CBA Secretary/Treasurer 2024

October 6, 2023
California Board of Accountancy
2450 Venture Oaks Way #300
Sacramento, CA 95833

Dear Fellow California Board of Accountancy Board Members,

I am pleased to submit my nomination for the position of Secretary/Treasurer for the California Board of Accountancy. With nearly ten years of experience in the financial field and a strong understanding of accounting principles, I believe that I possess the qualifications necessary to effectively contribute to the board's objectives and goals in the capacity as Secretary/Treasurer.

Firstly, I hold a bachelor's degree in accounting and a California Certified Public Accountant (CPA) certificate. My comprehensive knowledge of accounting practices and regulations as well as my experience as a current and active CBA board member would enable me to navigate the complex financial matters that often arise within the board's activities.

Additionally, I have acquired a wealth of experience in the financial industry, having worked as Head of Finance for a disruptive beauty & fashion start-up, a sole practitioner of an innovative, niche-focused accounting practice, an audit supervisor for a regional accounting firm, and a senior SEC financial reporting analyst for a global, public company. This experience has allowed me to develop a strategic mindset and a keen eye for detail when it comes to financial statement preparation, analysis, and reporting, which aligns perfectly with the duties of a Secretary/Treasurer on the State Board of Accountancy.

Lastly, I serve as Chair of the CBA Committee on Professional Conduct for the current fiscal year and serve as an active member of the CBA Legislative Committee focusing on the integrity and professional conduct of our licensees as well as the legislation impacting the accounting field in California. These opportunities have enhanced my strong communication and interpersonal skills which enable me to establish and maintain effective relationships with board members, staff, and other relevant individuals which is essential to routinely reporting relevant matters to the CBA.

In conclusion, I am confident that my educational background, professional experience, and interpersonal skills position me as a qualified candidate for Secretary/Treasurer capable of contributing to the board's mission and upholding the highest standards of financial integrity.

Thank you for considering my nomination, and I look forward to the possibility of serving the California Board of Accountancy in this capacity.

Sincerely,



Kristian Latta, CPA

YEN TU

CONSULTING

October 24, 2023

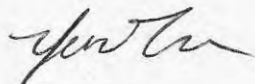
Mr. Dominic Franzella
California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

Mr. Franzella,

I am writing you to express my interest in the Vice President position on the California Board of Accountancy (CBA). I was appointed to the CBA by the California Senate Rules Committee in February 2020. I am currently serving as Vice President of the CBA but have also served in many capacities including Committee Chair. Due to various personal commitments in 2024, I would like to serve as Vice President for an additional one year before moving forward to the President's position. I feel confident that my experience with public boards, such as the San Diego County Water Authority will serve me well in the Vice President position for CBA. I am also currently serving or have served as a board member of the following organizations:

- San Diego Diplomacy Council (Past Board Chair)
- University of California San Diego Chancellor's Community Advisory Board (Past Board Chair)
- Asian Business Association of San Diego
- California Coast Credit Union
- San Diego Mayor's Asian Advisory Council
- San Diego Association of Governments' (SANDAG) 2020 Census Count Workgroup
- San Diego Community College District's Oversight Committee
- Metropolitan Water District of Southern CA
- San Diego Gas and Electric's Community Advisory Council
- Japan Society of San Diego & Tijuana

Sincerely,



Yen C. Tu

October 18, 2023

California Board of Accountancy:

I would like to express my interest in serving as the 2024 CBA President and hereby submit this Statement of Qualifications.

I am a CPA and have practiced public accounting for my entire professional career beginning in 1981, when I was hired as an intern with the international firm of Arthur Andersen & Co., through the present. For most of my career I worked with the large public accounting firms, holding leadership positions in both area and industry focused practices. In 2010 I took early retirement as a partner of Ernst & Young. From 2011 through the present, I have continued to practice as a CPA in my own forensic accounting firm, Rosenbaum & Co.

In addition to my career as a practicing CPA, I have also been involved with various outside community, professional and youth sports organizations. I have held leadership positions in most of these organizations which has provided me valuable experience to serve in a leadership role in the CBA.

Some notable positions held include:

- California Board of Accountancy
 - o Board Member 2022-Present
 - o Secretary/Treasurer 2023-Present
- California Board of Accountancy - Enforcement Advisory Committee
 - o 2012-2020
 - o Vice-Chair 2015
 - o Chair 2016-2020
- Governing Board, Moraga School District
 - o Elected 2016
 - o President 2018-2019
- CalCPA, Forensic Services Section – Steering Committee
 - o Member 2010-2020
 - o Emeritus 2021-Present
- Treasurer, Lamorinda Rugby Football Club (300 player youth sports organization)
 - o Coach 2009-2018
 - o Secretary/Treasurer 2011-2017
 - o Treasurer 2017- 2023

During my tenure as a member of the CBA, I have been an active and involved participant in Board activities and have also participated in outreach events to help enhance the reputation and importance of CPAs in California and to encourage others to join our ranks.

My career-long experience as a CPA as well as the leadership experiences in community and professional organizations demonstrate my qualifications. My activities on the CBA demonstrate my commitment. Thank you for your consideration.

Very Truly Yours,



Joseph Rosenbaum